

THE BRIDGE



The Way To Economic Betterment

September



1941

Restrictions On Consumer Credit

See page 195

Official Publication of
THE CREDIT UNION NATIONAL ASSOCIATION

THE BRIDGE

A Monthly Magazine Devoted to the Credit Union Movement

Volume 6

SEPTEMBER, 1941

Number 07

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Who Pays for Restrictions on Consumer Credit?

THE restrictions laid on consumer credit by the Federal Reserve Board are outlined in our leading article. How much hardship they will work on credit union members is still to be discovered.

It is our duty as citizens to stick to the letter and spirit of the law; the Credit Union National Association is urging its members to understand the law and abide by it. But it is also our duty as citizens of a democracy to watch the law, see how it works, and if it works unjustly, holler about it.

The purposes of the law are mixed, and the results may be mixed. Restrictions on consumer credit mean restrictions on installment sales by automotive dealers, furniture dealers, electrical appliance dealers; they mean restrictions on loans by credit unions, industrial banks, finance companies.

The men who are sponsoring the restrictions hope that they are taking steps to halt inflation: it is not a sure thing, it is a hope. They hope that they are restricting consumer demand for automobiles, washing machines, tires, refrigerators and other durable goods so that prices will not skyrocket and defense orders will not be handicapped. They hope that by restricting consumer demand they will make it easier to expand production for defense.

THEY could have restricted consumer demand by working out a steeper tax schedule with lower exemptions. They could have attempted to work out a more rigid and enforceable system of controls on prices or on volume of production. They could have tried to speed up the production of consumers' goods: there are still idle men, idle plants and idle machines. But they have chosen to tackle the problem through the credit system.

Maybe they are right.

Nevertheless, we know that many men who now have steady work again want to borrow to clean up their old obligations. Many men now are in a position to shake off the grip of the loan sharks. Many men at last are eligible for loans to take care of needed medical expenses.

We know that the income group from \$1,000 to \$2,000 is the group that does most of the installment buying; we know that this group will be hardest hit by the Government restrictions. We know that in certain States, men will be driven back to the illegal lenders. We know that the new law will act as a tax on the purchasing power of the installment-buying group, and that an equitable tax program is graduated according to ability to pay.

If the proposed restrictions penalize this group without affecting the consumption of people who are better off, the law is unjust. If Washington and its business advisers are going to play around with our standard of living, we want to know who is going to be hurt and who isn't.

sending in a single subscription or a group of subscriptions. The BRIDGE would appreciate it if you would mark all renewal subscriptions conspicuously with the word "Renewal."

The BRIDGE is published monthly by the CREDIT UNION NATIONAL ASSOCIATION at 404 N. Wesley Ave., Mount Morris, Illinois. Editorial offices are located at Raiffeisen House, Madison, Wis. J. E. West, Advertising Manager, 360 N. Michigan Ave., Chi-

cago, Ill. Communications having to do with subscriptions, should be addressed to 404 N. Wesley Ave., Mount Morris, Illinois, or to The BRIDGE, Raiffeisen House, Madison, Wisconsin. Entered as second-class matter Feb. 12, 1941, at the post office at Mount Morris, Illinois, under the Act of Mar. 3, 1879. Copyright 1941 by CREDIT UNION NATIONAL ASSOCIATION. Subscription rates, single copies, 10c; yearly subscriptions \$1.00.

Restrictions on Consumer Credit

By William Reid

President, Credit Union National Association

AN EXECUTIVE Order has been issued by the President restricting installment credit and installment loan credit. The term "installment loan credit" covers all loans of less than \$1000 made by credit unions which are repaid in two or more installments. The power to administer this restricting order is vested in the Board of Governors of the Federal Reserve Bank, and supervision will actually be carried out by the twelve Regional Federal Reserve Banks and their twenty-four subsidiary banks. The regulations become effective September 1.

As this is being written, the United States Government is calling upon credit unions to cooperate in the national defense efforts. This request on the part of the Government will take the form of regulations issued by the Federal Reserve Board governing loans which credit unions may extend after September 1.

The supplies needed for defense are tremendous, and the Government has found it necessary to request those manufacturers who produce heavy goods, such as automobiles, washing machines, mechanical refrigerators, etc., to curtail seriously the output of these articles and devote more of the energies of the factories to the production of war material. Because of the war effort there will not be as many automobiles, washing machines and refrigerators available in the immediate future as in the past. Because of the shortage of these articles affected by reduced production, prices would sky-rocket unless through some means demand for the articles was reduced. The Government feels that through curtailing the extension of credit, the demand for these articles will be reduced, thus preventing drastic price increases.

We are really being asked to change seriously our method of living. The money which we have previously spent for luxuries and semi-luxuries must now be utilized in a defense effort. We cannot have the number of automobiles we desire and at the same time increase the number of airplanes for defense. Therefore we are all being asked to use our old automobiles a little longer, and credit unions and other credit agencies are being requested to retard the demand for

automobiles and other articles by restricting credit.

Some ten or twelve years following the close of the last war we found ourselves involved in a very serious financial depression. We would all prefer to avoid repetition of this catastrophe. Some Government experts feel that if we now retard the public demand for durable goods behind a dam constructed through restricting credit, when the time comes to release factories from the manufacture of war material, this retarded demand for consumers' goods can be gradually released, thus keeping our factories busy.

Should it be impossible to avoid another depression following this war, Government experts feel that the average man in the United States will fare far better if he enters that depression free from debt than if he should enter such an era burdened with debt.

The Government then hopes to accomplish at least the following four definite objectives through placing restrictions that will reduce consumer's demand for durable goods:

1. The production of defense material by plants now utilized for the production of consumers' durable goods.
2. Prevent drastic price increases by restricting the demand for these goods through curtailed credit.
3. Prevent a serious business collapse when factories are permitted to return to their normal activities by building a great reserve demand for consumers' goods which can be released at that time.
4. Aid the average citizen in making any serious financial adjustment which may be necessary in the future by getting him on a pay-as-you-go basis as far as possible right now.

Whether all these objectives can be achieved through the steps being taken is anyone's guess. Surely it is worthwhile for us to try.

The credit unions are being asked to aid by restricting the credit which they extend to their members for the purchase of durable goods. The regulations governing credit unions are being written as this goes to press. The Credit Union National Association has been represented at conferences in Washington covering this

subject and has made certain requests regarding modifications of the regulations to be issued.

Although we do not yet have a copy of the regulations in their final form, we believe that there may be some slight alterations.

Credit union practice will probably be regulated as outlined in the following paragraphs, which are an interpretation of the original tentative draft:

Under the regulations all lending agencies, including credit unions, and all installment sales agencies must be licensed by the Federal Reserve Board. All credit unions now operating, or which may be organized between now and December 31, 1941, are automatically licensed to do business until December 31, 1941. Between now and December 31 all credit unions must register with their local Federal Reserve Banks, which will license them to do business during the year 1942. The license of any credit union may, after reasonable notice and opportunity for hearing, be suspended by the Federal Reserve Board, either in its entirety or as to particular activities or particular offices or for specified periods, on any of the following grounds:

(1) Any material misstatement or omission willfully or negligently made in the registration statement;

(2) Any willful or negligent failure to comply with any provision of the regulations or any requirement of the Federal Reserve Board pursuant thereto.

Nothing in this regulation applies to loans made by credit unions in Alaska, the Panama Canal Zone or any territory or possession outside the continental United States.

All credit union loans are covered by these regulations except the following:

(1) Loans secured by bona fide first mortgages on improved real estate duly recorded.

(2) Loans of more than \$1000 which are secured by collateral other than a lien on a listed article.

(3) Loans made to or for a student for bona fide educational purposes.

(4) Loans of over \$1000 made for materials and services in connection with repairs, alterations or improve-

(Continued on page 216)

How Democracy Works in Alliance

The Credit Union of Burlington employees has a record of real service

IF YOU ARE waiting for a train some quiet night in an isolated Nebraska railroad station, maybe you will hear the syncopated clatter of the telegraph key. The message may be official railroad business; it may be a telegram ordering a rush shipment of bedsheets or announcing the birth of an eight-pound boy. Or it may well be two dispatchers on the Chicago, Burlington & Quincy talking about their credit union.

The credit union that serves the employees on the Alliance and Sterling divisions of the Burlington is something they're pretty proud of. It's in its sixth year now, and its annual meeting in Alliance, Nebraska, is one of the town's big events. It isn't a three-ring circus or a Lincoln-Douglas debate; it's just a business meeting where reports of the year's progress are read—but seven hundred people turn out like rolling off a log.

Alliance is the biggest town on the two divisions; some of the others are nothing more than a station and a crossing signal. There are a hundred and fifty of these towns, more or less, from Alliance to the smallest; they contain about fifteen hundred Burlington employees, many of whom help make up Alliance's 6,500 population. The membership of the credit union reached 981 this June, and it's still growing.

But it isn't the growth in membership, or the volume of assets, or the number of loans in the course of a year, that makes these men proud of their credit union. It's the record for service that has been made; it's the people who have been visibly helped; it's the spirit of the thing. Sit down with these men for a chat. They'll tell you the kind of story you like to hear.

One of their stories is about a young wife. Her husband was a member of the credit union; they were young and hadn't been married long. They wanted a car. He had \$400 deposited in the credit union, and he wanted to

take out all but five dollars for the car they had their eyes on.

He talked it over with the treasurer. He was told that borrowing the money would be a wiser plan. "You know you'll pay back a loan promptly," he was told, "but you never can be sure that you'll save regularly and get back to \$400 again. Meanwhile, your loan is covered by a policy with CUNA Mutual, so the interest you pay on the loan is buying you a pretty good insurance policy." He was convinced.

A few weeks after the purchase of the car, he died, leaving the loan from the credit union almost entirely unpaid. Neighbors dropped in to console his wife. In the well-meaning way that neighbors sometimes have, they tried to squeeze out the last drop of misery for her. "What a pity about your new car," they said. "You'll have to turn it over to the credit union now."

BUT she didn't. The credit union submitted a claim for the balance of the loan to CUNA Mutual. It was paid off. The widow kept the car and the \$400 still on deposit.

This was a kind of service that was new to the townspeople. It created quite a stir of interest in this strange form of business. Who ever heard of a bank where the customer came so far ahead of everything else?

Then there's the story about the fellow who was always in debt. He owed three hundred dollars when he came to the credit union for help. He was a bad risk. His worries had upset him; he tried to get away from them by going out on wild parties and drinking heavily. The vicious cycle that some people get into had him sprinting and goggle-eyed, like a

squirrel in a cage; he had a debt that he didn't think he could pay off, so he spent all his money trying to forget about it.

He needed two co-makers, and the fellows singled out to sign his note weren't very happy about it. They knew their man; they were afraid he'd get liquored up at the wrong time and lose his job, leaving them holding the bag. But they believed in the credit union and its fundamental principle of service to the members. They signed his note. A few weeks later he had an accident and the doctor's bills came to a hundred and fifty; they signed another note.

The payments were arranged in a way that he could handle, and it was made clear to him that the credit union was his own organization. Fundamentally, he was good stuff. All he needed was a real chance to get straightened out and free in his mind again. The credit union set him on the right track: he's in the clear today with all his debts paid. He puts away part of his check every payday, and he has announced to other members that he's through with wild parties. If it was a girl instead of a credit union that did it for him, you could make a movie out of it.

How the Alliance Federal Credit Union got its start is a story in itself: about a kind of Johnny Appleseed burying apple cores wherever he passed and leaving a posterity of fruit trees behind him. The Johnny Appleseed in question here bore the appropriate name of Claude Orchard, and he was one of a crowd of passengers waiting for a westbound train in Alliance station one January morning in 1936. It was not an apple core that he left without comment on the ticket



The office staff at work. The man with the hat is W. E. Jones, treasurer.

agent's window ledge—it was a folder about credit unions.

The crowd emptied out of the station and climbed into the coaches. The train was swallowed up in distance, and the rigid vibration of the rails died away. The January quiet stole into the building; the kind of quiet that makes a pendulum-clock sound like a rocking chair on a loose floor. The ticket agent glanced at the window ledge and picked up the folder.

He had never heard about credit unions, but what he read excited his interest. He read the folder over and over. He showed it to his assistant and to other employees who chanced by. None had ever heard of such a thing, but they agreed that it sounded good. It sounded like something they could use.

The folder had been issued by the Federal Credit Union Section, for which Claude Orchard worked. The railroad men wrote to Washington for more information, and a representative showed up and helped them organize a meeting. After a discussion



Two Credit Committeemen deliberate.

were sufficient funds to meet the demand for loans. Assets piled up: they were \$4,710 at the end of 1936; \$21,930 for 1937; \$45,199 for 1938; \$76,841 for 1939; \$111,389 for 1940; \$132,229 on June 30, 1941. Members increased from 216 at the end of 1936 to 981 in 1941. The average share balance per member crept up from \$21 at the end of 1936 to \$120 at the end of 1940. Loans made to members in 1936 totaled \$5,000; they were \$20,565 for 1937; \$39,633 for 1938; \$70,658 for 1939; \$97,916 for 1940. The average loan granted during 1940 was \$205. And there never has been a loan charged off.

"The progress of any credit union," Mr. Wingstad continues, "is tied jointly to the attitude and action of the board of directors and the supervisory and credit committees. From the outset, our board has refused to pass or consider any regulations that would hinder the work of the credit committee in trying to solve each member's individual problems—preferring to leave this responsibility to the credit committee, where it rightly belongs.

"Our supervisory committee likewise has not made any recommendations that would hamper in any way the giving of full service to our members. As a result, the need of the borrower is the most important thing in the world to the credit committee, and each application is considered on its individual merits. Bill's record is not considered when we start doing business with Jim."

AS the credit union grew the sixteen-by-sixteen ticket office began to bulge at the sides. A plot of ground was leased, and the membership convened to vote an appropriation of \$5,000 to build an office. The necessity for this expense vanished, however when the railroad management heard about it and offered for a nominal rent an office in the division office building. The board then appropriated



Burlington Zephyr running between Chicago and Denver.

Courtesy of Burlington Route



Freight locomotives being serviced before starting out on a long run.

of the theory, practice and history of credit unions, twenty-five employees chipped in a dollar each for the purchase of a charter, and the first formal step had been taken. On April 1, 1936, the credit union office opened for business.

Even the first year was a year of rapid progress. The business was conducted in the sixteen-by-sixteen ticket office at the passenger station, where many of the local employees received their pay-checks. As they came in, they were cornered and the credit union was explained to them. In October, the officers decided to mimeograph a monthly bulletin, which was mailed regularly to members. A marked increase in membership, savings and loan applications resulted even from the first issue. By December 31, after nine months of operation, the credit union boasted a membership of 216, assets of five thousand dollars, and the money all loaned out.

For the first four years, there never

"From the start," says Harold Wingstad, who edits the bulletin, "we realized that we should not be a mere financial institution set up to pay large dividends. We have never exceeded 5 per cent, and have been frank in advising new members that their membership was not desired if their only interest in the organization was the amount of dividends they would receive on shares.

"We have practically refused the membership-applications of some, with the suggestion that they think it over a little more and not join until they had convinced themselves that they were sold on the idea. In other words, we believe that it is a privilege to belong to our credit union, and we think our members should believe in it.

twenty-five hundred dollars to equip the new quarters.

"With this kind of cooperation," comments Mr. Wingstad, "how could we help but move ahead? It would have been a miracle if we had not been successful."

"This kind of cooperation" goes further than the service to the members. A number of other credit unions have been organized in Alliance for other groups of the population. And the men of Alliance have carried the fight for a progressive program into the State League. At a recent annual meeting, a heated battle arose over the question of dues; one faction held out for a low dues schedule, while the other urged higher dues calculated on 5 per cent of gross income.

(Continued on page 215)



John A. Colby
CUNA



George J. Tinnes
Illinois League



Henry Hullinger
Pennsylvania
League



Norman Tracy
Wisconsin League



William B. Tenney
CUNA



J. Arthur McCall
Illinois League

Six Men Take Field Posts

A NEW MAN has been added to the field staff of the Pennsylvania Credit Union League, two new men have been added to the field staff of the Illinois League, the CUNA field staff is augmented by two, and a new managing director has been appointed by the Wisconsin League as credit unions prepare to make greater strides in the coming year.

John A. Colby, who leaves the post of managing director of the Wisconsin League to join the organizing force of CUNA, is six feet four and weighs 250 pounds. He was born in Libertyville, Illinois, and studied at Northwestern and Marquette.

He went to work in 1930 for the A. O. Smith Corporation in Milwaukee and first learned about credit unions while employed there. After eight years he resigned to give his entire time to credit union work. His excellent record as managing director in Wisconsin led to his being hired by the Credit Union National Association.

He is thirty-two and has a wife and three sons.

William B. Tenney, also joining the CUNA field staff, is a native of Decatur, Illinois, where he has been working in his father's automobile agency. He is twenty-nine, married and has no children.

He first became interested in credit unions in 1937 at the time of the formation of the Decatur Automotive Employees' Credit Union. He was elected vice-president of that organization's first board of directors. Since April, 1938, he has been treasurer.

In 1940 he was elected treasurer of the Central Illinois Ralph Long Chapter, and in 1941, president. He has been active in assisting other treasurers throughout the Chapter. He has helped organize several credit unions in Decatur and elsewhere.

Henry Hullinger, who joins the field staff of the Pennsylvania League to cover the eastern segment of the State, got his introduction to credit unions through the educational program of the American Federation of Hosiery Workers, in which he holds a card. He helped organize the credit union serving employees of the Busy Bee Hosiery Mill in Reading, and was elected treasurer.

In Branch 10 of the Hosiery Workers' union, he has served as trustee, auditor and member of the shop committee dealing with management and negotiating contracts and wage schedules. He acted as chairman of the Branch's relief committee, which was set up to look after needy families during the 1937 strike.

He has been called on, as a delegate to two national conventions of the union, to report to numerous shop meetings. He has also explained the credit union movement before the Educational Institute in Lancaster County.

George J. Tinnes, now with the organizing staff of the Illinois Credit Union League, was one of the incorporators of the Chicago & Northwestern Credit Union at West Chicago

when it was formed in 1928. He served both as secretary and as treasurer for a number of years. In 1932 he was elected to the board of directors of the League and has served as a director until this year. For several years he was a member of the League's executive committee.

He will cover northern Illinois.

J. Arthur McCall, who has been added by the Illinois League to cover the central part of the State, was an incorporator at the formation of the Champaign Public Schools Credit Union. He has served as secretary-treasurer and president of the East Central Chapter, and was elected to the League board of directors in 1938.

Norman Tracy, who takes John Colby's place as managing director for Wisconsin, had been president of the State League for only a few months.

He had been identified with the Cudahy Bros. Credit Union since its organization. An active worker in the Milwaukee County Chapter, he has served on State League committees and on the State League Board of directors and executive committee. He was recently elected a National Director of the Credit Union National Association.

Coming Events

September 4, 5, 1941

Quarterly meeting, Board of Directors, Cuna Mutual Ins. Society, Chicago, Ill.

September 6, 7, 1941

Quarterly meeting, CUNA Executive Committee, Chicago, Illinois.

September 8, 9, 1941

Quarterly meeting, Board of Directors, Cuna Supply Cooperative

September 9, 10, 11, 12, 1941

Volunteer Organizers Club, Waterloo, Iowa

September 27, 28, 1941

Midwest District Conference, Omaha, Nebraska

September 29, 1941

Midwest Managing Directors' Conference, Omaha, Nebraska

October 7, 8, 9, 10, 1941

Volunteer Organizers Club, Atlanta, Georgia

October 14, 15, 16, 17, 1941

Volunteer Organizers Club, New Orleans, Louisiana

January 17, 1942

Annual meeting, Virginia Credit Union League, Hotel Roanoke, Roanoke, Virginia

January 24, 1942

Annual meeting, North Carolina Credit Union League, Hotel Sir Walter, Raleigh, North Carolina

Credit Unions In War

These reports from Canada show that credit unions have nothing to fear from all-out war economics

WHEN a country goes to war, what happens to credit unions? The question can be answered by the credit unions of Canada, which have been operating in a war economy for two years. From seven Canadian provinces and the Crown Colony of Newfoundland, credit union men have sent special reports to *THE BRIDGE* indicating that credit unions can make their unique contributions in a war emergency as in peacetime.

War brings new problems. Officers and members of credit unions leave home for service in the armed forces. Working men migrate to towns where labor is needed. Incomes of industrial workers swell in volume. Farm income, in Canada at least, does not keep pace with increases in commodity prices.

If credit unions can serve their members and their country in wartime, credit unions will not be seriously affected by war. There is every indication, from these Canadian reports, that credit unions are showing themselves as valuable a part of Canadian life today as they were in days of peace.

"In one Nova Scotia community of two thousand citizens," says A. B. MacDonald, Managing Director of the Nova Scotia Credit Union League, "over two hundred men have enlisted for active service. Thousands of young men from every part of the province are already overseas, others are in military camps at home, while many are engaged in war work of all kinds away from their homes. Every credit union in Nova Scotia has suffered a loss in members, many of whom were the original leaders. Yet the movement remains in a vigorous condition."

"Despite the wartime exodus and the fact that many of the larger credit unions have dropped hundreds of inactive members from their books, the total membership increased last year by two thousand. Credit union assets increased by \$176,325.47. This is remarkable in view of the many calls that have been made for private contributions to various War Chests.

Credit unions have been very active in promoting public subscriptions, such as the War Savings and Victory Bond campaigns.

"The furtherance of our immediate war aims, however, has not distracted credit unionists from setting themselves long-term objectives. Through their credit unions, the members are laying aside savings to tide them over the lean years that will follow the war. The necessity of so doing is emphasized over and over again in all credit union educational work, so that today credit union members are beginning really to know and use their organizations as effective aids to patriotic service and true citizenship."

"Contrary to even our own expectations," reports Gordon Smith, President of the Ontario Credit Union League and National Director from his province, "this country being at war has had a stimulating effect on credit unions. Savings have been maintained; loans for articles the production

of which may be retarded during war, have increased.

"Our credit union has made many loans to members enabling them to purchase war loan bonds; our annual dividend was made payable in War Savings Stamps; and our surplus has been invested in war securities.

"Housing has become an acute problem. This is where our credit union has done its best job. We have loaned many thousands of dollars as down-payments on home purchases. All this was due entirely to the war.

"Waves of spending and saving come with war. Both of these can be taken care of in our stride by credit

union practices. Increased taxation has forced us more than ever to stress the importance of thrift; budgeting is also essential. In fact, this country is being financed on the credit union plan right now: the lowly twenty-five cents is playing a huge part in this conflict. And of course credit union folks are having little difficulty in following this system.

"The time for credit union expansion is here. The value of cooperation between countries is revealing the value of this feature to the common man."



Gordon Smith
Ontario

Credit unions have been a stabilizing influence in the depression-stricken areas of Newfoundland. Now they are helping to stabilize the boom towns. "Newfoundland," says Neil MacNeil of the Colony's Department of Agriculture and Rural Reconstruction, "has a young but virile credit union movement. Sixty credit unions polka-dot almost as many fishing and farming communities, and a growing number of thrift clubs—credit unions in embryo—are constantly moving up into the ranks of the regulars.

"Statistically, these credit unions may appear to be weak. They have the modest sum of \$60,000 in the till, and they do a loan business of \$100,000, yet there is one dollar of credit union business done for every three persons in the country. It is interesting to note that in this country the credit union is regarded as a fundamental instrument of reconstruction policy. Practically all effort designed to establish credit unions was and is focussed on depressed and semi-depressed areas. In such areas, money is as scarce as hen's teeth, but a loan of ten dollars to a credit unionist in a depressed area can do more good than ten times that amount to a credit unionist in an industrial area.

"The trend of development had to be influenced by this country's war effort and hemisphere defense activities. At the outset, an unprecedented demand for labor caused an exodus of outport credit unionists to the respective base cities. Most credit unions were



Neil MacNeil
Newfoundland

shorn of their directorates overnight. But the women immediately occupied their chairs and carried on.

"This dislocation presented new problems for the future. Fishermen



A. B. MacDonald
Nova Scotia

abandoned their traditional calling and their fishing gear. After being for so many years without any appreciable cash income, their tendency toward undue spending would be as strong as it generally is in a boom atmosphere. They might have been without the guidance and incentive to thrift of the credit union; and when employment ceased after a couple of years, they would have found themselves returning home without the means of re-establishing themselves in their former calling.

"Fortunately, there is in existence in practically every community a credit union or the atmosphere conducive to the organization of a credit union. The Cooperative Division of the Department of Agriculture and Rural Reconstruction is in constant touch with the already-formed credit unions, giving them guidance and help. It is continually seeking to establish more credit unions. The number of members of credit unions is growing, and their thrift savings are steadily mounting up. We can all rest assured that there is something

000 and brisk loan demand from 16,500 members, there is little surplus for investment. A large part of the guaranty fund, however, is being invested in war bonds; and members are being encouraged to use loaning facilities for the purchase of War Saving Certificates."

Saskatchewan credit unions seem to take the war effort without strain.

"The first credit union in Saskatchewan," says B. N. Arnason, Registrar of Cooperative Associations, "was organized in the fall of 1937. This was a



S. Wilfred Keohan
New Brunswick



B. N. Arnason
Saskatchewan



J. T. Croteau
Prince Edward Island



John W. Ward
Manitoba



C. D. Denney
Alberta

being done to help carry the ordinary man through the nightmarish post-war period that is ahead."

New Brunswick, on the other hand, does not feel any great stimulus from the war economy.

"The direct effect of wartime conditions on the operation of credit unions in New Brunswick," says S. Wilfred Keohan, Registrar of Credit Unions, "has not, to date, been very noticeable. War aims raise the index of employment, which naturally is reflected in savings. Share capital increased during 1940 by fifteen per cent.

"The response to the call to arms has taken many members and deprived us of the services of efficient officers; the present war complex, too, has somewhat diverted attention from immediate objectives, making organization more difficult. But in no sense has a delinquency problem arisen.

"With present capital of only \$380,-

year of unprecedented drought, accompanied by a general economic depression in our towns and cities, resulting from crop failure in what is essentially an agricultural province. While conditions affecting agricultural production have shown a steady improvement since 1937, the war created new problems. Not the least of these were the restriction of markets for wheat, the increase in taxation, and the enlistment of credit union members in the Army, the Navy and the Air Force.

"An all-out war effort involves the curtailment of non-essential expenditures to help prevent inflation. If a member of a credit union learns to save regularly and to borrow only when in need, it is fair to say that he is more responsive to appeals for direct support of the war effort. He realizes that unnecessary expenditures have to be curtailed, that regular saving and investment in government securities will be essential if the war is to be won; and if he knows anything about credit union history, he must realize that the maintenance of credit unions is bound up with the survival of free institutions.

"Credit unions as organizations can also help the war effort by investing their reserve funds in government

bonds and War Savings Certificates. A number of Saskatchewan credit unions have already invested in government securities, and this development will continue at an accelerated rate.

"From an operating standpoint, one problem resulting from the war is the enlistment of borrowers before they have repaid their loans. Enlistment, however, is on a voluntary basis, and so far no special difficulty has been experienced by Saskatchewan credit union officials with regard to the repayment of accounts owed by enlisted men. The tendency is to make every effort to make repayment of such loans as easy as possible.

"While the experience of Saskatchewan with the credit union movement has been limited to less than four years, credit unions have already demonstrated their success in both rural and urban areas, have been shown to have a stimulating effect on the war effort and have experienced no difficult operating problems due to the war."

Farm problems appear to have out-

weighed credit union problems in the province of Prince Edward Island.

"The war seems to have had an upsetting effect upon the credit union development in Prince Edward Island," reports J. T. Croteau, managing director of the Credit Union League there. "This region is agricultural, and farm prices have been low in the face of rising costs since the start of the war. This and aggressive government borrowing account for a slowing up of both savings and collections.

"To aid in war-financing, larger credit unions are buying bonds. Smaller unions attempted to buy War Savings Certificates but were ruled ineligible. Some sell War Savings Stamps to members.

"The loss of trained personnel has been serious, and organization of new credit unions has practically stopped,

(Continued on page 214)



FILENE—

Success or Failure?

- The birth and the death of Edward A. Filene occurred in September, seventy-seven years apart; September is his month, especially this September when the fate of the projected Filene Memorial hangs in balance. Brilliant merchant millionaire, economist, prophet, democrat, he commonly said that his life had been a failure; he also said that in all his life the one thing he could point to with genuine satisfaction was his sponsorship of the credit union movement. Such statements add poignant significance to the campaign for a Filene Memorial Building to serve as headquarters for the Credit Union National Association.

HIS acquaintances have made much of the fact that Edward A. Filene was a complicated and many-sided person. Maybe he was many-sided, but there was a centripetal force that held the many sides together. He believed in getting your money's worth.

He was democratic enough so that he didn't believe merely in getting his money's worth. He believed you ought to get your money's worth—I ought to get my money's worth—he, she, it, we and they ought to get their money's worth. This was a passion with him as a storekeeper, as a householder, and as a thinker.

He said that out of every dollar you spend at the store, 45 cents goes to the man who made the product and 55 cents goes to the fellows between him and you. Forty-five cents for production, 55 cents for distribution. He said 55 cents is too much, and as a storekeeper he looked for ways to cut it down.

He believed it was a kind of crime to pay more for a thing than it was worth. It was not unheard of for him to spoil a meal by getting excited over the price that had been paid for the spinach. He lived in a house of his own on Washington Street in Boston; no wife, no children; he had a cook to make his meals and a butler to do the marketing; and the butler took an unmerciful bawling out if the marketing wasn't done economically.

It wasn't that he couldn't afford it. He wasn't a penny-pinching rich man with a handful of gimmie and a mouthful of much-oblige. He paid his taxes with patriotic ardor. He bought a steam yacht and looked for people to take sailing. He loved to wander

through the toy department in his big Boston store and give away toys to kids.

He believed it was a crime to pay more for a thing than it was worth, because five cents saved on a suit of clothes would buy a package of Life Savers, and 2½ per cent interest saved per month on a loan would help you pay your doctor's bills. He saw that the potential wealth of this country, in goods, was enough for everybody; he saw that the lower the prices you paid for everything, the more you would get of everything. He preached high wages and low prices; he told the world that high wages and low prices would mean better business for the businessman, steadier work for the workingman and better living for everybody.

HE failed at almost everything he thought was important; he said so himself. He was a great storekeeper; but he failed to reduce the cost of distribution. He was a great democrat; but he failed to persuade his employees to be democrats too. He was an extraordinary organizer, a clear-sighted economist, a power; he planted organizations right and left, he created causes and hired men to fight for them; he founded the Boston City Club, reorganized the Boston Chamber of Commerce, founded the United States Chamber of Commerce, helped organize the International Chamber of Commerce, endowed the Twentieth Century Fund, the Good Will Fund and the Consumer Distribution Corporation. All of these were to accomplish progressive things, help raise wages, lower costs, lift the standard of living.

The only thing he ever organized that shows signs today of great vigor, rapid growth and progressive influence is the Credit Union National Association. If no Filene Memorial Building is ever built, if the Credit Union National Association's offices are crowded into tents, Filene will have his Memorial—the Credit Union movement.

Filene was a Boston Jew. His father ran a clothing store on Washington Street. Edward was a puny kid with a limp and a face badly broken out with eczema. He wasn't popular. He prepared to go to Harvard, but didn't go. He has said it was because his father had heart trouble and he had to take care of the store. He also said once that he didn't go to Harvard because his eczema made him so unpopular with his fellow-students.

He was a studious young man. He had to know about everything. He had to know about eczema; he went to doctors, not for a cure but for references to learned works on the subject; he talked with skin specialists. Before he got through, he knew everything there was to be known about eczema—and he cured himself. Somehow, sometime, perhaps by sheer will power, he also cured himself of his limp.

He didn't trust people to like him, too many people had been cool to him in his childhood; he had been an ugly duckling, and ugly ducklings never forget. He put a wall between himself and other people; the wall between him and his employees was the behavior of an autocrat. He fired and hired, hired and fired like a big businessman in the movies; he couldn't keep a secretary; he fired everybody

who ever worked closely with him at one time or another—and often hired him back again.

This was a mask he wore, to keep people at their distance. When people got too close to him, he closed up like an oyster, and waved his arms like a dictator. But for people who were far away, he had nothing but what you would call love. Really love . . . tolerance . . . understanding. . . . It seemed contradictory to a lot of people; maybe it *was* contradictory, but contradictory or not, Edward A. Filene wanted nothing but the best for everybody. He spent his life figuring out ways to make this a better world.

He had to know about everything, and when he took over the management of his father's store he had to know everything about that. It was just another store when he got into it, but when he had run it a while, it was one of the country's great stores, surpassing Macy's in New York and Wanamaker's in Philadelphia. Other retail merchants watched Filene's, because Filene's pioneered.

THE merchandising innovation that made Filene's famous was the automatic bargain basement. Other stores have had basements in which special bargains were sold, but none of them dared to operate on the radical lines of Filene's. Filene said that merchandise that wouldn't sell must be moved out of the store at any price; he said it was cheaper to give away merchandise that people wouldn't buy than to pay rent for it while it moldered on the shelves. Merchandise of this type was moved into the Filene basement; the first twelve days it was sold at 25 per cent off, the next six at 50, the next twelve at 75, and if it hadn't sold by then, it was given away. This is the literal truth; the business world was shocked at the spectacle, but Filene made money by it.

Filene said that honesty was the best policy. He said you could high-pressure a customer into buying something she didn't want at a handsome profit, but she'd never come back. He said a profitable business had to keep its customers coming back or move to another town. He said if you didn't have what a customer wanted, it was better to send her to a store where she could get it than to sell her something she didn't want. He said a storekeeper could make a mistake in the merchandise he bought, and it was better to give these mistakes away than to let them fill up the store; but there was nothing a storekeeper could do when he made the mistake of alienating a customer.

Filene wasn't satisfied with running a successful store. He wanted to cut the cost of distribution; and he soon found out that a department store can't do it. He wanted his employees to run the store, and he couldn't get them to do it. He explained the first failure by showing that the purchasing power of a department store is no greater in any one department than that of a successful specialty shop. He never explained his failure with his employees.

He wanted his employees to kick up their heels; he wanted them to fight for their rights; he wanted them to feel that they could run the store as well as he could; he hoped that eventually they would take over the management. He told them so again and again; he encouraged them to organize a union; he worked on plans which would make it possible for them to become owners. They didn't accept the challenge; they used the union as a means of asking for minor privileges, but they never made a move toward ownership.

Filene told his friend Lincoln Steffens about it. Steffens made a speech to the employees. He told them stories about political corruption in some of the cities he had investigated as a reporter; he showed them how the voters of Philadelphia, New York and Boston had failed to use their power as voters, and how the result was bad government. The employees laughed heartily at the stupidity of the voters. But, said Steffens, right here in your own store your employer is giving you a chance to exercise democratic rights, and you aren't doing anything about it; the laugh is on you. They were silent.

Maybe you should hire some agitators, Steffens told Filene. We've already got some, Filene said, but they don't do a bit of good.

Disappointed in this, Filene gradually withdrew from active interest in the store management. But the problem of cutting the cost of distribution was always in his mind; later he published a book called "Next Steps Forward in Retailing," in which he pointed to mail order houses, chain stores and chain department stores as ways of amassing purchasing power and cutting costs. He became interested in consumer cooperatives as another means of economical distribution, and late in his life he organized the Consumer Distribution Corporation to supervise the development of cooperative department stores which would belong to the customers. He did not believe that consumer cooperatives would replace private business; he thought that they would augment consumer income and provide honest

competition, thereby improving all business and making it more efficient.

He had too active a mind to content himself with the problem of distribution alone. In 1908 he took a trip around the world, to convince himself, he said, that the world was really round. In India he met quite by accident an English Civil Servant named W. R. Gourlay, who was organizing credit unions in the tiny, poverty-ridden native villages. Gourlay took Filene around to see the work, and Filene was deeply impressed.

In 1909, when Filene was back in Boston, the Massachusetts Banking Commissioner, Pierre Jay, conducted a hearing on a proposed credit union law. Jay had encountered the idea of credit unions in a book called "Co-operative Banking" by Henry Wolff and in a voluntary savings and loan association being run without legal standing by the employees of the Boston "Globe."

Jay has written of the hearing, "Then occurred something dramatic, which also proved to be decisive for the success of the whole Credit Union movement in the United States—the appearance before the committee of a Massachusetts man who had actually seen a credit union in operation. His name was Edward A. Filene. He told of the interest in credit unions which he had recently derived from a trip around the world. If anything were needed to clinch the matter with the committee, it was his testimony, not negative like that of the bankers, but positive."

During the twelve-year period that followed the enactment of the Massachusetts Act in 1909, similar acts were passed in New York, Rhode Island and North Carolina, and 199 credit unions were formed under them. Defective or unproductive acts were also passed in Oregon, South Carolina, Utah, Wisconsin, and Nebraska; no credit unions were formed under these laws prior to 1921. Filene put considerable money into an organization for the promotion of credit unions, calling it the National Committee on People's Banks.

IN 1921 Filene was contemplating a more effective organization for the same purpose. The Massachusetts Credit Union Association was closing its office, and the manager, Roy F. Bergengren, was free and reluctantly looking about for work outside credit union activity. Filene and Bergengren got together, Filene agreed to put \$50,000 a year into an organization to be known as the Credit Union National Extension Bureau, and Bergengren agreed to do the work. As Filene put it, he would be the Credit Union

National and Bergengren would be the Extension Bureau.

From then on, with a staff that up to 1934 never exceeded seven, Bergengren kept the credit union movement rolling, while Filene paid the bills and acted as adviser. By 1934 the Bureau had been instrumental in passing and perfecting credit union laws in thirty-one states, plus a federal law; 3,000 credit unions had been organized. Enough State Leagues had been organized to make possible one of the original purposes of the Extension Bureau; liquidation and reorganization as a National Association on a self-supporting basis. This was accomplished at a meeting at Estes Park, Colorado, in August, 1934, and the credit union movement stretched and stood up on its own feet. The dream that Filene had had for the employees of his store was now a reality in the Credit Union National Association; the chick that he had hatched and mothered had stepped out from under the protective wing and was scratching for itself. The year was 1934, and Filene was seventy-four years old.

"Democracy," Filene said in a speech to the California Credit Union League in 1936, "is not a formula. It is a growth. It cannot be granted by a constitution. It must be developed out of the actual conditions of life. Democracy cannot be conferred upon the people. If they want it, they must achieve it; and even then, they cannot get it merely by seizing the reins of government. Let the people seize the reins of government without learning how to drive, and the result is not democracy but catastrophe.

"What is needed is that the American masses shall learn the art of constructive self-government in this machine age—in this age in which life is no longer organized on a small-community pattern but in which all Americans are more or less dependent upon what all other Americans are doing.

"We know our object," he said. "It is democratic finance. It is the use of the power of money and credit by the people in their own cooperative organizations, in such a way as will serve the interest of all the people best. The most far-sighted financiers of the old order, therefore, are now with us heart and soul; for what they really fear is not democracy guided by the facts of our now universal interdependence, but radical or revolutionary mass action based on the traditions of the old social order in which society was composed of warring interests."

This faith in facts and in organization to use facts, characterized all his

activities. All his life he was preaching—Here are new facts, let's look at them, let's do something about them. He told the businessmen of Boston that this was a new era, an era of mass production and mass marketing; he pointed to Henry Ford, who had shown the world what mass production could mean in low prices to the consumer and high wages to labor; he urged and succeeded in putting across reorganization of the Boston Chamber of Commerce and later the United States Chamber of Commerce with a view to finding facts, studying them and acting on them. He hoped this would drill home for businessmen the necessity for high wages and low margins of profit; years later, in 1936, he discovered that the hold of traditional thinking on businessmen was too strong and that the Chamber was not acting as a progressive force.

"As plainly as I can state my position," he wrote in a letter of resignation, "I have at last been forced to the conclusion that the United States Chamber of Commerce, as at present organized, is not an organization of business but rather an organization of business men—meeting not to study business in a business way, nor even to find out what the needs of business in general may be, but either to promote the special views of certain prominent people in the business world, or at best to discover and express the fixed opinion of the membership concerning matters which, in the most successful modern business organizations, would be referred as a matter of course to fact-finding research. . . . Modern business problems, general or special, cannot be solved by adding up the opinions either of board members or of the members generally, and calling that the answer."

Once Filene, in a conversation with Lincoln Steffens, said he would like to find a way of counteracting racial and religious prejudice. Distrust between Catholics and Protestants was a major problem in Boston. Steffens suggested a club where leaders from all groups of the population could get

together for informal discussion. Filene leaped at the idea; characteristically, he hired an organizer, kept himself in the background but personally dug up a cook who was wasting his talents in a third-class New York restaurant. The Boston City Club was formed, but it didn't take; instead of having any real influence on the life of Boston, it degenerated into just another eating club.

These things meant a great deal to him, and they failed. He failed when he tried to democratize his store; his attempt to democratize business through the Chambers of Commerce was a failure; his attempt to find a way to create understanding between religious and social groups in Boston was a failure. His friends smiled indulgently when he spoke of himself as a failure; they thought of the money he had made, the great store that he had built, the position of acknowledged leadership which he held. But the friends who knew him best knew that he truly thought himself a failure and was genuinely distressed about it.

Clearly, the happiest time of his life was the summer of 1932. That year he made a tour of the credit union movement in the United States. Grateful credit union members turned out by thousands; brass bands played; gifts were showered on him. For the first time in his life, there was real evidence that he had accomplished something that went deep into people's lives; for the first time, there were people to thank him for what he had been trying to do all his life. He stood before the roaring crowds with tears running down his cheeks.

He went to credit union meetings. All his life he had been going to meetings where he was the boss and the autocrat, or where he was in a progressive minority and had to fight for what he believed in. Now he was going to meetings of people with the same vision as his, and he knew the difference. He had to strain himself to keep his autocratic habits from getting the best of him; he had to control himself when he saw democracy actually working. After such meetings he would say to Bergengren—

"Was I all right, Roy? These are the real people, these are the people that count. I mustn't try to dictate to them, I mustn't be patronizing. Did I behave myself?"

Edward A. Filene died of pneumonia in France in 1937. A few days before his death he issued a statement prophesying war and urging Great Britain, France, Russia, China and the United States to unite against the menace of fascist militarism. He was seventy-seven almost to a day.

Eight More Pages in This Issue

This issue of *THE BRIDGE* contains 32 pages, which is eight more than usual. The added pages are due to the wealth of timely editorial material and the fact that financially *THE BRIDGE* is ahead of the game this year. Whether future issues will contain 32 or 24 pages depends on two things: continued increases in circulation and pressure of valuable informative text. No policy has been fixed.

Credit Union Legislation Reviewed

An active year in the legislative chambers produces a lot of laws affecting credit unions, and the current record looks bright

TWO States more have passed State credit union laws—Maine and Vermont. In eleven States, State-chartered credit unions have been granted the right of selling Defense Bonds—Kentucky, Oregon, New York, New Jersey, Minnesota, Oklahoma, Missouri, Tennessee, Virginia, Rhode Island and Massachusetts.

New friends have appeared to support legislation friendly to credit unions. Tax exemptions have been secured in several States where, through malice or confusion, it appeared that credit unions might be unfairly taxed.

In short, it's been a good year for the State Leagues. Little information normally seeps from one State to another; credit union members tend to know only what is going on in their own bailiwicks; but when you sketch in, however roughly, the whole national picture, you see activity in all parts of the country. Here and there maybe there is a backward step, but on all fronts there is progress.

One of the most remarkable events of the year was the passage of the Vermont Credit Union Law. Until this year, Vermont had no law permitting chartering by the State of credit unions. Vermont's sister, New England State of Maine, also passed an excellent credit union law this spring, but the law passed in Vermont was historic in many details: it required that every credit union annual meeting elect an educational committee of three members; it made careful provision for the establishment of central credit unions; and it specifically provided for the organization of a State Credit Union League with power to affiliate itself with the Credit Union National Association. No State has ever expressed so completely in statute the spirit of progressive credit union practice.

Elsewhere, encouraging trends may be detected. There is evident a growing interest in central credit unions to act as investment pools for credit unions with surpluses and as sources of loans for credit unions which cannot supply the demand for loans among their members; enabling legislation has appeared at several points.

There is a trend toward raising the limit on unsecured loans. While in some States it is not legal for the

credit union to lend more than fifty dollars without collateral or co-makers, several States this year have raised the specified limit to \$300. This liberalization of the maximum is in line with the doctrine which the Credit Union National Association has long been preaching: that character is a good risk in itself and that the vast majority of the people are honest.

A further liberal trend to be observed is toward setting limitations on the amount of money placed in the reserve fund. The lesson of recent years—that reserves generally are more than adequate to take care of the small number of loans charged off every year—seems to be sinking in: several States have recognized it and are helping credit unions to keep reserve funds from amassing useless bulk. In a number of States, too, examination practice is being improved, and credit unions are being required to contribute a proper share to the maintenance of capable examining staffs.

SOME dubious practices no doubt are inevitable. One State offers two new legal wrinkles which, taken together, constitute a deplorable trend. (1) The treasurer may grant 30-day loans up to \$25 without the approval of the credit committee. (2) Interest on loans shall be 1 per cent per month on balance, except that there shall be a minimum interest of 25 cents per month. These two provisions open the door wide for a pay-day loan racket to spring up within the credit unions themselves—a five dollar loan with twenty-five cents interest at the end of the month is usury, no matter who makes the loan.

However, this is an isolated instance. Generally, the picture is bright. At the moment this magazine reaches your hand, most of the State legislation of the 1940-41 period will be totally eclipsed in the public mind by the restrictions on consumer credit now avidly being discussed in Washington—a development which is treated elsewhere in this issue. Here we are concerned with the States and with what the Leagues have accomplished through legislative activity. So we go through the long roll-call, stopping to look at the District of Columbia and Federal legislation as we go.

Alabama: The League sponsored a bill exempting credit unions from paying the State excise tax of 6 per cent on dividends paid on withdrawable shares. The bill was passed without serious opposition.

The State Supervisory Department sponsored a bill which would permit the State to charge an unknown or unfixed fee for examination of credit unions, and would have instituted a fee of twenty-five dollars a year for an annual "certificate of authority," plus a one-dollar fee for seal. The League presented the case against such fees so successfully that the bill was not reported out of committee. It was explained to the State Supervisory Department that the League did not wish to escape just taxation but did wish to protect small credit unions from back-breaking assessments. Friendly relations with the Supervisory Department have not suffered.

Arizona: No activity.

Arkansas: No report.

California: A bill was passed which removed restrictions on the word "security" as used in the Credit Union Law. The new amendment confers on credit unions general powers enjoyed by other corporations in the State. It permits the investment of funds in and loaning of funds to other credit unions, membership in them not being required.

An amendment was enacted prohibiting gifts or donations by a credit union unless authorized by a resolution of the board of directors.

Another law enacted permits credit unions to deposit funds with any building and loan association if the account is guaranteed or insured by the United States Government or any Government agency.

A fourth enactment permits payroll deductions by officers of governmental bodies (such as school districts, municipalities, etc.) for the purchase of shares in or the payment of money to any chartered credit union.

Two detrimental bills were introduced but were tabled by committee. One would have required credit unions to carry, at their own expense, public liability and property damage insurance on all automobiles pledged

as security on loans. The other would have taxed recipients of dividends at 2½ per cent; this bill covered all stockholders, but would have included credit union members and cost them an estimated \$30,000 annually.

Colorado: Several revisions of the Credit Union Law were obtained:

Entrance fee is reduced to twenty-five cents.

State charter fee is reduced from \$25 to \$5.

Joint tenancy is permitted, so that two or more persons may now share an account with right of survivorship.

A credit union may borrow from any source a total sum not to exceed 25 per cent of its assets. A credit union may loan to other credit unions not exceeding 10 per cent of its assets.

A central credit union is provided for, its membership to be composed of other credit unions authorized to operate in the State and officers and committee members of other credit unions.

Directors may declare an annual dividend not to exceed 6 per cent.

All officers and employees handling money are required to be bonded under a faithful performance bond. The treasurer shall be bonded for not less than 10 per cent of the assets.

Par value for credit union shares is set at five dollars for uniform practice. Credit unions whose practice is already differently established are not affected.

Connecticut: No activity.

Delaware: No State credit union law.

Florida: Fiscal year is changed to end on December 30 instead of June 30.

A sliding scale is established for bank examiners' fees, raising the maximum from five dollars to \$25.

Salary buyers have been put under a uniform small-loan law with maximum interest 3½ per cent; formerly they were able to exact interest of 240 per cent on loans from five to fifty dollars.

Georgia: No activity.

Idaho: No activity.

Illinois: No activity.

Indiana: A law passed without a dissenting vote provides for liberalization of credit union practice; permits credit unions to invest in savings and loan associations up to 20 per cent of assets; permits loans without security up to \$100; gives credit unions incidental powers necessary to carry on business effectively.

Another law, also passed without a

dissenting vote, gives credit unions the protection of a law enacted in 1921, which makes it a misdemeanor to circulate rumors about the financial soundness of banks and trust companies.

A third law was enacted raising the examining fee from 1/25 to 1/10 of 1 per cent of assets, with a minimum fee of \$10.

Iowa: No activity.

Kansas: An active session in this State saw the passage of several amendments.

One alters the old restriction on the use of the name "credit union" to permit the Kansas Credit Union League to incorporate under that name.

Another permits credit unions to make unsecured loans up to \$300.

Supervisory committees are required to audit credit union books at least quarterly.

Reserves, which were formerly required to equal paid-in capital, may now be maintained at 10 per cent of capital.

A bill was also introduced by the State Banking Department to increase fees. Under its provisions, small and new credit unions would have been subjected to hardship. The League countered with another suggested schedule which would have raised fees somewhat without hurting small credit unions. The League's bill was introduced, but several Senators friendly to credit unions obtained its defeat on the grounds that it was unfair to ask more revenue from credit unions when no more was being asked from banks.

A curious bill was introduced, ostensibly as a small-loan law, which

provided for controls on small-loan agencies but would have called for licensing of credit unions. The bill was reported out of committee too late for consideration.

Kentucky: No activity this year. The Kentucky Credit Union Law was extensively amended in 1940. Amendments secured at the time included a provision for the creation of a credit union for credit union officers, and a provision facilitating organization of rural credit unions with the cooperation of the Department of Agriculture, Labor and Statistics.

Louisiana: No legislative session this year. In 1940 the law was amended to permit loans up to 10 per cent of unimpaired capital and surplus or \$500, whichever is greater. The unsecured loan limit was raised to \$300. Loans to directors and committee members were permitted to the extent of their share-holdings. For loans to other credit unions, a new limit was set of 50 per cent of paid-in and unimpaired capital and surplus. Interest on inter-credit-union loans was limited to 6 per cent or ½ of 1 per cent per month.

Maine: The potato-and-lobster State climbs on the credit union bandwagon with a fine credit union law. Such a law is, of course, too long to be given in full here, but some of the interesting provisions follow:

Credit unions can buy shares in other credit unions and in building and loan associations.

A limitation of 6 per cent is placed on dividends.

A credit union must commence business within six months of the granting of its charter, or its charter shall be invalid.



Governor Carr of Colorado signs the revised Colorado Credit Union Law



Governor Saltonstall of Massachusetts signs a bill permitting Credit Unions to sell Defense Bonds

Regular examination is provided for.

The supervisory committee shall certify the treasurer's monthly report, and shall meet once a month.

Ten per cent of net annual profits shall be put into the guaranty fund until it reaches 20 per cent of assets; after that, money put into the guaranty fund need be only enough to maintain the 20 per cent ratio.

Loans may be made on real estate, but the total amount of such loans may not exceed 20 per cent of the aggregate of shares, deposits and guaranty fund, and no single loan shall exceed 5 per cent of assets or \$8,000.00.

Shares in credit unions shall be tax-exempt.

A credit union may borrow from any source, but the sum borrowed may not exceed 50 per cent of the assets.

A Federal credit union may be granted a State charter.

The use of the name "credit union" is forbidden to organizations not qualifying under the Act, and penalties are provided for infraction of this regulation.

Maryland: No report.

Massachusetts: The Fore River Credit Union obtained passage of a bill permitting credit unions to sell Defense Bonds.

Michigan: The Michigan Law has long provided that a group of employees seeking a credit union charter must have the written consent of their employer. The League has now secured an amendment which eliminates this requirement.

Minnesota: A number of adverse bills were introduced in the past legislative session, and the League was active in opposing them.

One would have increased the examination fee on small credit unions to a minimum of \$15, and on credit

unions with assets above \$50,000 fees would have increased from 50 per cent up. With minor revisions, this bill passed through both houses, and only through the Governor was the League able to secure an acceptable modification.

A bill introduced at the request of the Commissioner of Banks would have increased the Commissioner's discretionary powers considerably and placed a number of restrictions on credit union operations. The bill was withdrawn after an understanding was reached that a committee from the League would work with the Banking Department during the next two years on corrective legislation acceptable to both sides.

An appropriation bill included a rider which implied increased levies on credit unions. The bill was passed without the rider.

Another bill proposed to limit credit-union loans to a period of not more than 24 months, placed a limit of \$400 on unsecured loans and of \$1,000 on all loans and provided that no loan should exceed 5 per cent of the credit union's paid-in shares and deposits. The bill was not passed, despite the support of building and loan associations.

The income tax bill which was introduced would have deprived credit unions of their specific exemption under State law; this would have made credit unions subject to a 6 per cent tax on earnings. The bill was passed with the credit unions' exemption restored.

The League sponsored a bill amending the insurance statutes and classifying credit unions as groups eligible for group life insurance. Passage was secured.

A law sponsored by the League enabled Federal credit unions to apply for State charter, and State-chartered credit unions to apply for Federal charter. The law was passed.

A bill enabling credit unions to

purchase shares in building and loan associations died in committee.

A law was enacted permitting payroll deduction by the State Capitol Credit Union.

Mississippi: No legislative session.

Missouri: Three amendments were passed.

One revised the section on method of organization. The chief new provision revised the cost of recording down to a flat fee of one dollar.

An amendment on loans permits the treasurer to make loans without approval of the credit committee, providing that the sum of any such loan shall not exceed \$25 and the period shall not exceed thirty days.

An amendment on interest provides that interest shall not exceed 1 per cent per month with a minimum of 25 cents per month.

Montana: No activity.

Nebraska: Two amendments were drawn up by the League—one to permit specifically an interest charge of 1 per cent per month on unpaid balances, the other to exempt credit unions from taxation except on physical property—but neither was passed.

The State Legislature passed a small loan bill which permits an interest charge of nine dollars on \$100 borrowed. The League is trying to obtain clarification of this bill which will permit credit unions to charge 1 per cent per month not to exceed nine dollars on \$100. As things stand, any charge higher than nine dollars on a hundred is usury in this State.

A ruling on bond coverage was obtained from the State Banking Department. It has now been decided that the Department has authority to require persons handling funds in co-operative credit associations to be bonded, and also to require co-operative credit associations to increase coverage on bonded persons when the Department thinks such an increase will be beneficial to the association.

Nevada: No State credit union law.

New Hampshire: No report.

New Jersey: Pending enactment of a Federal law enabling Federal Credit Unions to protect their employees under the unemployment compensation statutes, the New Jersey League has been opposing the collection of the New Jersey State Unemployment Compensation Tax from Federal credit unions in that State.

New York: The League introduced a bill amending the Personal Property Law; the amendment would have made it unnecessary to notify an employer when a wage assignment had been accepted as loan collateral. The bill was passed by both houses but vetoed by the Governor.

North Carolina: The Credit Union Division had a hard time getting an appropriation to continue its work this year, but with the cooperation of the State League an appropriation was secured. A bill was passed providing for supervision fees levied on credit unions.

North Dakota: No activity.

Ohio: Eight major changes in the Credit Union Law were secured.

The Articles of Incorporation and Code of Regulations of a credit union may now be amended by a majority vote of the members in meeting, providing that a call has been sent for the amendments and a duly constituted quorum of 10 per cent of the membership is present.

The limit on unsecured loans has been raised from \$50 to \$100.

Surplus funds may be lent by one credit union to another, but such loans may not exceed 10 per cent of assets or extend for more than six months.

Credit unions may purchase real estate and other real and personal property if necessary for the operation of the office, but such an investment may not exceed 3 per cent of assets or \$10,000.

The immediate families of members may be included in the field of membership.

The name "Auditing Committee" is changed to "Supervisory-Audit Committee" to eliminate inconsistencies in published material and Chapter work.

Specific provision is now made for patronage dividends or interest rebates.

The section dealing with withdrawals has been clarified, making it plain that the sixty-day withdrawal clause is a privilege clause and not mandatory.

Oklahoma: A new credit union law has been enacted in this State. Some of the points at which it differs from the old law follow:

The use of the name "credit union" is forbidden for all except regularly chartered credit unions.

A member may have more than one loan outstanding at a given time.

A credit union may invest its funds in the shares of other credit unions and deposit its funds in other credit unions.

A central credit union is authorized, to which officers, committeemen and other credit unions may belong and from which they may borrow.

Minors may be members of credit unions.

The State Bank Commissioner is required to publish each year a report showing the condition of all State-chartered credit unions.

The supervisory committee is required to examine the affairs of the credit union semi-annually instead of quarterly.

The reserve for bad loans is to be built up only until it equals 10 per cent of assets.

The reserve may be used like other funds of the credit union, and the credit union is not forbidden to make loans from the reserve and is not required to keep it liquid.

Credit unions may accept the savings of their members as deposits and pay interest on them, but they do not thereby escape setting aside the full amount of the reserve; the reserve must be figured before interest is paid.

The board of directors, instead of the members, declares dividends.

The rate of dividends and the rate of interest on deposits are each limited to 6 per cent.

Credit unions composed wholly of State, county, city and school district employees are entitled to space without charge in public buildings.

By another law recently enacted, an *in lieu* tax is placed on credit unions by which credit unions are exempt from all taxes except one on tangible property and a 6 per cent levy on net income. Under the latter provision, interest on deposits is considered as an expense and dividends are not; thus the credit union in which members' savings take the form of deposits rather than shares escape a considerable tax burden.

Oregon: No activity.

Pennsylvania: A bill was introduced to permit the payment of patronage dividends; to legalize credit unions formed in labor unions, parish groups, fraternal orders, etc. (charters are now granted only to groups bound by common employment); and to permit State-chartered credit unions to make loans to Federal credit unions (at present interlending is possible only among State-chartered credit unions). The bill died in committee.



Rhode Island: Three amendments were secured by the Rhode Island League.

One permits credit unions to lend to and deposit funds in other credit unions up to 10 per cent of assets. A League Credit Union has now been organized within the terms of this provision.

A second amendment permits credit unions to act as issuing agents in connection with the sale of Defense Bonds.

The third provides for the payment of Directors for attendance at meetings in any credit union with more than \$500,000 assets, payment not to exceed three dollars per meeting. This law was aimed at one large credit union whose directors have to meet twice a week to keep up with business.

South Carolina: No activity.

South Dakota: No activity.

Tennessee: A bill introduced by the League at the Tennessee legislative session in January, revised the schedule of examining fees and was passed. The new law provides that an examining fee of \$20 a day be charged, with a \$20 minimum, and it authorizes the Superintendent of Banks to employ a competent credit union examiner "well versed in credit union law and philosophy" at not less than \$200 a month and traveling expenses.

Texas: The legislature adopted a bill establishing for the first time systematic auditing of credit union books. Credit unions are to be examined at least once a year; each credit union shall be charged an examination fee not to exceed \$25 per day.

The bill passed both houses and went to the Governor for signature. It has been neither signed nor vetoed. Without his signature, it becomes law in ninety days after adjournment—which means early in October.

Another bill introduced would have laid a tax on stock transfers, and a franchise tax clause included did not exempt credit unions. The League was able to obtain exemption for credit unions in both those measures.

Utah: No activity.

Vermont: Until this year, Vermont had no credit union law on its statutes. Interesting features of the new Vermont Credit Union Law are as follows:

The use of the words "credit union" by any organization not chartered under this Act is subject to heavy penalty.

A clause provides for the establishment of central credit unions, which

may borrow from any source.

Credit unions are to be examined once a year. Fees are based on assets—

Assets	Fee
\$ 5,000 or under	\$ 7.50
5,000 to 10,000	10.00
10,000 to 15,000	12.50
15,000 to 25,000	15.00
25,000 to 50,000	25.00
50,000 to 100,000	35.00

Credit unions with assets of more than \$100,000 are to pay the actual cost of examination.

Credit unions pay a charter fee of ten dollars and an annual fee of ten dollars.

At annual meetings, credit unions are required to elect educational committees of three members.

Credit union officers are to be sworn.

Directors are empowered to declare dividends.

The only credit union officer who can be paid is the treasurer.

Credit unions are given the right to rediscount; the aggregate amount of rediscounts and borrowings shall at no time exceed the sum total of capital surplus and guaranty fund.

Surplus funds may be invested in shares, particularly of any central credit union to which it may be eligible, or deposited with savings banks, credit unions, State banks, trust companies, national banks, building and loan associations, Federal loan associations and Federal credit unions operating in the State of Vermont. No more than 10 per cent of a credit union's capital and reserve funds may be invested in such organizations.

Unsecured loans up to \$300 are permitted.

A loan may be received by the borrower in fixed monthly installments instead of as a lump sum.

Twenty per cent of net income is to be transferred to the reserve fund until the fund is equal to 25 per cent of share capital.

Dividends may not exceed 6 per cent.

Credit unions are specifically exempted from stock transfer taxes and any taxes except on real estate owned.

The unprecedented section which empowers credit unions to form a State League merits quotation in full. Note that the powers of the projected State League are fully outlined, and note that the League is authorized to act as a central credit union.

"It shall be permissible for the credit unions organized under this Act or the Federal Credit Union Act and operating in the State of Vermont to organize the Vermont Credit Union League. The objects and purposes of

the League are, and the League shall have the power:

"(a) To promote the organization and development of credit unions in the State of Vermont and to encourage cooperation among credit unions.

"(b) To disseminate information regarding credit unions and their method of organization and operations; and to foster by every lawful means the common good and welfare of credit unions.

"(c) To improve the internal management of credit unions and to coordinate their operating methods and practices.

"(d) To have membership in and to participate in the Credit Union National Association, Inc.

"(e) To purchase and distribute credit union accounting forms, promotional material and equipment.

"(f) To arrange for group bonding or insurance.

"(g) To accept and administer any voluntary contribution that may be received by the League.

"(h) To receive such money as may be deposited with the League by credit unions holding membership therein, and to loan the moneys received to credit unions borrowing in the way and manner hereinbefore provided and to invest money not needed for such loans in the way and manner provided elsewhere herein for investments of funds by credit unions organized in accordance with the provisions of this Act.

"(i) To pay interest on moneys so received at a rate to be fixed from time to time by the members of the League in general meeting on recommendation of the board of directors.

"(j) To make by-laws, rules and regulations consistent with the purposes of this Act and necessary for its management, which by-laws shall be subject to approval by the said commissioner before becoming operative.

"(k) To fix a reasonable entrance fee, which shall not exceed five dollars, and to fix the amount of dues and assessments to be paid by credit unions for the maintenance of the League.

"Membership in the League shall be open to all credit unions, whether State- or Federal-chartered, operating in the State of Vermont that date of enactment of this Act and to all such credit unions as may thereafter be chartered.

"At all meetings of the League, each credit union holding membership shall be entitled to be represented by two delegates, duly appointed by the credit union to the League for that purpose.

"The management of the League shall be vested in a board of directors

elected by and from the delegates to the annual meeting of the League, which said board shall choose from its own number a president, vice president, treasurer, secretary, and from the membership a managing director.

"The League shall have the power to draw, make, accept, endorse, discount, execute and issue promissory notes, bills of exchange, bills of lading, warrants and other negotiable or transferable instruments. It shall have the power to borrow from any source in an amount not to exceed its paid-in deposits and share capital at any given time.

"Any credit union may become a member upon application in writing, payment of the entrance fee and subscription to one or more shares of the stock of said Credit Union League. Shares shall have a par value of ten dollars, and no credit union shall hold at any time more than one hundred shares. Credit unions may deposit in the way and manner above indicated.

"The League may hold, purchase or take on lease any real estate and may sell, exchange, mortgage or lease the same. No credit union holding membership in the League shall be liable for the debts or liabilities of the League to a greater amount in the whole than its unpaid fees, dues or assessment and share investment, unless said credit union has rendered itself liable for a greater amount by becoming surety for the debts of the League.

"The League shall not commence business until its by-laws, rules and regulations have been adopted and approved by the said commissioner."

Virginia: No legislative session.

Washington: No activity.

West Virginia: No activity.

Wisconsin: A number of amendments to the Wisconsin law have been secured. Among them:

If the banking commission does not approve articles and by-laws of a new credit union, an appeal may be made to the credit union advisory board, whose decision shall be final.

Members of the advisory board now serve for three years.

The auditing committee of the credit union must audit once every two months.

Unsecured loans up to \$300 are now possible.

The Banking Department is empowered to order an increase in the guaranty fund.

Special meetings may be called on written request of one-third of the membership.

Credit committees may now ap-

prove loans by a majority vote.

Wyoming: No State credit union law.

District of Columbia: A bill has been introduced in the House of Representatives to provide for the licensing of loan agencies in the District of Columbia making loans of \$500 or less. Exemption for Federal credit unions has been obtained.

A similar bill provides for control of loan agencies making loans of \$300 or less. Credit unions have been exempted under its terms.

There is a bill pending which would prohibit the assignment of wages in the District of Columbia. Credit unions making payroll deductions have been exempted.

A bill that is still to be heard will transfer District of Columbia chartered credit unions to the entire supervision of the Treasury Department.

Note that none of these has been

passed as this issue goes to press.

Federal: Several bills affecting Federal credit unions are bottled up in committee while Congress is occupied with defense matters. One of these has to do with patronage dividends; another with the waiving of interest on loans to credit union members now on military service; another concerns itself with unemployment compensation for employees of Federal credit unions.

A bill which passed the House in May and has yet to pass the Senate permits Federal credit unions to invest in building and loan associations, savings and loan associations, homestead associations and cooperative banks, organized and operated according to the laws of States and Territories.

Finally, there is still inactive the Sheridan Bill, which prohibits the lending or collecting of moneys on Government property.

our explanation of the bill and an explanation of the credit union. We made an attempt first to sell the committee on the bill and make them favorable to the credit union movement generally by telling them the aims and purposes of the credit union and something of its accomplishments in the ten-year period during which the law had been effective.

At the second hearing the opposition really started, and the attack was centered pretty much upon me personally. The chairman of the committee, because he was sympathetic to the bill, suspended the rules and let me answer the objections raised by the opposition. This was quite a heated session. We also had the Division testify in behalf of the bill. We then met the opposition privately, including the banks, the building and loan companies and their lobby, and tried to find out what their real objections were and to see if we could not reach some sort of compromise on the bill, or if we could not get them to withdraw their opposition. By agreeing to eliminate the provision for community credit unions on a geographical basis, we were able to call off most of the outward opposition. However, the underhanded opposition continued, and I spent most of my time in Columbus talking with the various Senators who might be induced to vote against the bill, in keeping the committee members interested in the bill, and in getting definite promises of a successful passage by securing a sufficient number of votes to carry it when it came to a vote on the floor.

In the meantime, we had the credit unions all over the State writing to their Senators, urging the passage of the bill and writing to the members of the committee to keep up their interest in the bill and to see that it became law. This, I think, was probably the most effective thing that we did, and more than one Senator told me that he received more mail on this bill than on any other bill in the hopper, notwithstanding the fact that the Unemployment Compensation Law and the Mine Safety Bill were up at the same time. We also worked with the majority leader and the minority leader to try to get them to keep their party members in line on the bill.

WHEN pressure was brought by leading Republicans, not directly connected with any opposition, on the Senators, we contacted other influential Republicans back in the communities to counteract this pressure.

The next job, of course, was to get it on the calendar; we lost about ten days because our sponsor was sick,

The Fight in Ohio

● The preceding summary of State and Federal legislation is dry bones; here is a flesh-and-blood account, by Louise McCarren, of how the Ohio League fought for its amendments. It's a fascinating inside story, with no punches pulled.

WE TRIED every trick known to get our law amended.

In the first place, we had a legislative committee consisting of Mr. Clarke, Mr. Bath, and myself; we had many long and serious conferences with the Division of Securities in order to sell them on the things we wanted to do. It was not too easy, because they were reluctant to go along with some of the increased powers. This was naturally to be expected because of their recent introduction to the credit union movement and their lack of knowledge generally about its history and progress. Add that to a conservative administration, and you have a pretty big obstacle. However, we did finally succeed in getting them to go along on most of the things we wanted.

The next step, of course, was to get some one to handle the bill. We were fortunate, I think, in getting the most powerful man in the Senate, Senator Lawrence A. Kane, who had the original bill in 1931 in the House, to introduce the legislation. He was also on the Rules Committee in the Senate, which meant that the bill would be promptly referred to a committee for hearing.

I then went to the chairman of the

committee to try to interest him in the credit union movement. He knew nothing about it and became rather interested. I also contacted all the members of the committee, even before the first hearing, so they could have some general knowledge of the bill. Some of them, of course, were very indifferent and did not turn up at the committee hearings; and others who did attend sat there and read their mail all through the hearing. Nevertheless, the chairman of the committee, who is so powerful, was sympathetic to the bill and gave us a very favorable opportunity.

We brought in representatives of both State and Federal credit unions over all of the State, and had them testify before the committee as to the size of their credit unions and some of the valuable things they had done. We tried to select a pretty good cross-section of all sorts and types of credit unions, the largest as well as the smallest. We had probably thirty people at the first hearing, which made quite an impressive showing. I might add that with the opposition that showed up in large numbers, the room was literally packed, with people hanging from the rafters.

The first hearing was devoted to

and we had to work through other people to get it on the calendar. Finally, however, it did appear on the calendar; and on the day that it was to come up for vote, our sponsor was not there. We got another Senator to handle the bill on the floor, and just before it came to a vote he came over to me in the gallery and handed me an amendment which he understood was being introduced and which would have prohibited the League from organizing credit unions. It took a few minutes to find out who was going to introduce the bill, but we finally found that it was one of those amendments that our Senator, who apparently was friendly to us, did not understand the import of and finally withdrew after much last minute scrambling, letting the bill go through as submitted by the committee.

We were fortunate that we had a man handling the bill who did a very excellent job of it; he explained credit unions very thoroughly, and there was not a dissenting vote. That was just 50 per cent of the hurdle.

The next job was to get it through the House. I again was fortunate in getting a rather influential person in the House to handle the bill who commanded several votes by the very fact that he was sponsoring it. However, our first snag came when the bill received its first reading and went to the reference committee. The chairman of the reference committee was directly opposed to the bill. I went to his office over the weekend in his home town and talked with him long and earnestly for several hours about the bill. I finally convinced him that it was his duty to play fair on the thing and to defeat the bill on the floor of the House or else to defeat it in committee hearings; it was not exactly cricket to defeat it by just failing to refer it to the committee. Finally, the bill was referred out to the Committee on Banks and Loan Associations.

The committee meeting was set for an early morning session, and as there were twenty-one persons on the committee, it was necessary for us to try to get a quorum. I spent all of that weekend calling, writing, and going to see members of the committee to ask them to please attend the committee meeting to be sure that we would have a quorum, because I knew if this one did not go through there would be no other chance of getting another meeting.

Three minutes after the meeting was supposed to convene we still had only seven people, and eleven were necessary. I convinced them that if they would hear the bill, we would get the necessary eleven signatures to

the minutes of the meeting, because I knew that we had eleven friends on the committee even if they failed to show up for the hearing. This was finally agreed to and in the presence of about thirty members of credit unions from throughout the State, the bill was heard.

THE secretary of the committee was opposed to the bill and would have killed it if we had given him the opportunity. After we got six persons in the room to vote for the bill and sign the minutes, I then carried the minutes around the Legislature getting persons on the committee to sign them until we finally got thirteen signatures. The secretary of the committee for two days was successful in failing to report back to the Legislature for second reading. However, by simply insisting, following around, and doing everything else that I knew how, I finally got him to report it back and the bill was ready for the second time.

The bill then went back to the Rules Committee to be placed on the calendar. At that time there was much talk about adjournment and there was a fight on between the House and the Senate; the House was refusing to pass any Senate bills (our bill was a Senate Bill) and the Senate was refusing to pass any House bills. I talked to the Clerk of the House to ask him how we could eliminate persecution due to the fight between the two Houses. I was advised that the only thing to be done was to keep in constant touch with every member of the Rules Committee, and to insist that they put the bill on. We had only one very good friend on that committee out of five, and every day he would make the

motion to put the bill on, and every day he would fail to get a second. Finally, there was one man in the House who was taking a licking on a couple of bills, and the Rules Committee promised him that he could trade for any bill that he wanted. I had plagued him so much that he came to me and asked me if I wanted him to trade for the Credit Union Bill. Of course, I told him that I didn't want him to suffer loss of dignity by supporting the credit union bill, but at the same time we would appreciate support. He made the trade, and we thought our problem was solved. However, at the last minute we found that the committee did not keep their word and did not put the bill on as promised to him.

In the meantime, one of the most powerful men on the committee had been insulted by a letter received from one of our credit unions, in which the credit union very unwittingly and foolishly told him to vote for the bill or they would get him at the next election. This threatened to be a fight on the floor, and I finally got the credit union to apologize and got the whole thing straightened out.

The committee did succumb to the pressure we put on them by telegrams, letters and personal contact, and placed the bill on the calendar. It was very late to come up for vote; the session was in a good frame of mind and was passing everything, and the bill passed without a dissenting vote.

Summing up, probably the best thing, the most effective thing, was the cooperation of the credit union people everywhere in writing, wiring, and contacting their representatives who handled the bill.



Joe E. Blomgren of the Credit Union Section signs the Guest Book at Raiffeisen House, Madison. The volume of people coming in from all parts of the country to see the home of the credit union movement increases every day.

Is Your Supervisory Committee Doing Its Job?

By Tom Doig

THERE is growing interest at the present time in the activities of supervisory committees. It is a good idea to check up now and then on how good a job is being done. For that reason, I am repeating here some things I have said before: I don't think they can be said too often.

The credit union is intended to be a self-help organization operated by its members for their own financial betterment. Although most credit union laws provide that the credit union shall be audited annually by either a state or federal supervising body, the ideal of the credit union is best attained when the whole responsibility for auditing and supervision is assumed by the credit union members themselves. Under our present credit union structure this responsibility for auditing and supervision devolves upon the Supervisory Committee.

The Supervisory Committee is, under most laws, elected annually by the members, but in some cases is appointed by the Board of Directors. Primarily it is the business of the Supervisory Committee to serve the credit union in the capacity of auditors. Any financial institution should be frequently audited. In the credit union we should not depend for this audit on the state or federal government. It should be conducted by the members of the credit union through the Supervisory Committee. Most of our credit union laws provide that the Supervisory Committee shall make a complete audit at least once each quarter. The audit should be constant and continuous.

Were I elected during this month to serve on the Supervisory Committee of a credit union I would drop in at the credit union office on the last day of the month and ask the credit union treasurer for the key to his cash box or access to the safe. I would count the cash on hand myself. Then, when the bank statement was received by the credit union on the first of the month I would insist that my fellow-members of the supervisory committee reconcile that statement with me. A properly functioning Supervisory Committee should reconcile the bank

statement each month. This duty should not be left to the credit union treasurer.

Each month the treasurer of a properly operated credit union prepares a financial statement. This statement is usually posted in a conspicuous place in the credit union office or on the bulletin board and there left until replaced.

When a member of the Supervisory Committee signs this financial statement his signature thereon indicates that he has verified the cash accounts of the credit union and found them to be in good order. The signature of a member of the Supervisory Committee cannot properly be affixed to this statement unless he has counted the cash of the credit union on the last day of the month and followed this by personally reconciling the bank statement. When you sign this statement you are telling the members of your credit union that as a member of the Supervisory Committee you have checked the accounts of the credit union and that the financial statement as prepared by the Treasurer is correct. Do not make such a statement to your fellow members if it is not true.

It is my firm belief that Supervisory Committees should function continuously rather than once each quarter. This will really simplify and reduce to a minimum the work to be performed by the members of the committee. If a credit union receives cash today that cash should be deposited in the bank tomorrow. This practice tends toward safety, reduces the opportunity for errors to creep in, and thus reduces the amount of effort expended by the Treasurer in keeping the books. Therefore, at the close of each month the Supervisory Committee should examine the daily receipts of the

credit union and ascertain whether bank deposits of equal amount have been made within twenty-four hours after the cash is received.

At the close of each month the Supervisory Committee should examine each check issued by the credit union. It should make sure that each check is supported either by a loan application, a withdrawal slip, or a voucher indicating the nature of the expenditure.

IN THE case of checks issued for loans it becomes necessary for the Supervisory Committee to know that the loan was properly made. Therefore the Supervisory Committee should examine each loan application and notes covering loans made during the month. First, since the signature of each member of the credit union is on file in the signature card file of the credit union, the signature on the loan application and note should be compared with the signature of the member on file in the signature card file. Most credit unions are small enough so that any member of the credit union is known by one or another of the members of the Supervisory Committee. Be sure, then, that forgery has not been committed and that the signatures on the loan applications and notes are actually the signatures of the borrowing members. Be sure that there is such a person as the one indicated as the borrower on the loan application and note that the address set forth on each of these instruments is the proper address. This sounds silly and yet I remember one postal credit union in which a shortage of funds developed, and when investigation was made it was found that loans had been made to fictitious persons, and that there were no such addresses as those set forth on the notes. One would think this to be impossible, particularly in a postal group, but it actually happened. Be sure also that no changes have been made in the loan application, particularly with regard to the amount of the loan. Compare the note and loan application with the individual ledger card to be sure the proper amount of the loan

(Continued on page 220)

New Credit Unions in July

There were 109 new credit unions chartered in the United States during the month of July.

Consumer Loans in May

CONSUMER loan balances held by State- and Federal-chartered credit unions at the close of May, 1941, totaled \$210,200,000, according to the Department of Commerce. This figure represents a 3.4 per cent gain over April and a 26.3 per cent gain over the corresponding month in 1940.

Loans outstanding to members of State-chartered credit unions amounted to \$148,900,000; to members of Federal credit unions, \$61,300,000.

A record volume of loans was granted by credit unions during the month of May, 1941: the total, including renewals, was \$35,300,000. Of these loans, 66 per cent were made by State-chartered unions, 34 by Federal. May volume was 10 per cent greater than May, 1940, for State-chartered societies, 28.7 per cent greater for Federal. Repayments on loans for the month totaled \$28,300,000, an increase of 20 per cent over May, 1940.

Total loans made during the first five months of 1941 stand at \$153,000,000; total repayments, \$132,000,000. The difference between these two figures represents the net gain in outstanding loan balances between the end of 1940 and the end of May, 1941. The net gain a year ago was \$19,700,000.

Personal finance companies made loans, including renewals, of \$85,300,-

000 during May, bringing their outstanding consumer loan balances to \$519,300,000. The May loan volume exceeded that of May, 1940, by 8.5 per cent but was 4.1 per cent below the figure for the end of April, 1941. The figure on outstanding balances was 12.4 above that for a year ago. Industrial banks granted loans amounting to \$52,500,000, including renewals, for May, 1941. This surpassed the volume for May, 1940, by 8.9 per cent, and the figure for April, 1941, by 1.7 per cent. Outstanding consumer loan balances at the close of May totaled \$301,500,000—10.1 per cent ahead of the figure for the pre-

ceding May and 1.7 ahead of the figure for the end of April, 1941. The estimate on business done by industrial banks is based on reports from a sample of 335 companies.

Nova Scotia Annual Meeting

Emphasis on educational activity featured the Annual Meeting of the Nova Scotia Credit Union League. Legislation was approved for the establishment of a regional library system to aid in adult education. A course on cooperation, with special reference to credit unions, was recommended for addition to all secondary-school curricula. A prize was instituted for the best essay on credit unions by a school-child.

Two hundred credit union representatives from a hundred credit unions attended the meeting. There are now 200 credit unions in Nova Scotia, it was reported, with 31,000 members and assets of \$1,063,960. A budget of \$6,640 was adopted.

There was some discussion of a proposal to make it compulsory for credit unions to set aside a percentage of gross earnings for educational purposes. No decision was reached, the matter being referred to the Board of Directors for further study. Credit unions were urged to turn over their educational funds to the League in order to centralize educational work.

Delegates expressed their satisfaction with the development of the League in serving as a central credit union for the Province. Loans by the central credit union amounted to \$12,000 during the year; assets showed an increase from \$25,000 to \$52,000.

A resolution was adopted recognizing the completion of twenty years of service to the credit union movement by Roy T. Bergengren, managing director of the Credit Union National Association, and expressing gratitude for his inspiration and direction.

"Railway Clerk" Features Credit Unionists

Two credit unionists figure prominently in the July issue of "Railway Clerk," publication of the Brotherhood of Railway and Freight Handlers, Express and Station Employees. They are Karl S. Little, managing director of the Utah League and National Director of CUNA, who appears as author of an article entitled "Be Your Own Banker"; and G. M. McNeil, vice-president of the Illinois League and National Director of CUNA, who is written up as secretary-treasurer of the credit union of the Lakeside Lodge No. 2219, which has a larger membership than any other lodge in the Brotherhood.

Federal Reserve Extends Period for Alien Property Registration

The time-limit on registration of shares and deposits held by aliens has been extended to September 30. Credit union treasurers, whose responsibility for such registration involves heavy penalties, have another thirty days of grace. Those still unfamiliar with their duties in this respect should communicate immediately with their regional Federal Reserve Banks. An article on the subject was published on page 180 of the August BRIDGE.



L. A. Pinkney, chairman of the National Education Association Credit Union Committee, ran a booth stocked with material supplied by CUNA Educational Services at the annual NEA convention in Boston early in July. Dora Maxwell, field secretary of the Credit Union National Association, assisted.

Six Years of Service and Growth

By Ray T. Brown

SUCH is the record of a Shell Oil Company employee organization known as the Shell Wood River Federal Credit Union of Wood River. It was granted a charter on January 19, 1935, and has the distinction of being the largest of all the Shell Oil Company credit unions. It is also credited with being one of the largest credit unions in the United States and is the largest Federal credit union in the State of Illinois. Its membership includes employees engaged in various occupations at the Shell Wood River Refinery and other divisions of the Shell Oil Company in the immediate vicinity of Wood River.

The assets of this organization have grown from \$26.25 at the beginning to over \$265,000 at the present time. It has 2,200 members and has \$255,000 loaned out to 1,200 of its members. The shareholdings of all the members amount to over \$230,000.

It was back in the early part of October, 1934, that the credit union movement was first introduced to the Shell Employees at Wood River. This introduction was made at a meeting, which was held at the Shell Refinery Cafeteria. This meeting was attended by thirty-one employees. Five of the employees present pledged \$26.25 toward starting the credit union. Incidentally, Mr. G. C. Farmer, who was instrumental in getting this splendid organization started and is now treasurer, had the honor of being named the first president. He held this position until July, 1940, when he took over the duties of treasurer. However, it was not until January 19, 1935, that these Shell men started operation of their credit union in earnest, despite the many inconveniences and handicaps encountered from the very start.

At first, board meetings, committee meetings, etc., were held in the homes of the various officers, and the treasurer made collections and handled other business matters only on pay days at the Refinery Cafeteria. At other times the treasurer transacted the business at his home, outside of his regular working hours at the refinery. He was frequently assisted in making collections, etc., by the other officers. The work was handled in this manner until about July, 1935, when arrangements were made with the Wood River National Bank to do business on pay days in the bank lobby. This method was used until about January, 1937, when arrangements were made to handle the affairs

of the Credit Union in the old First National Bank Building. The credit union officers carried on the business here between the hours of 6:00 and 8:00 p.m. from Monday to Friday of each week and all day on pay days.

During the early part of the year 1938, the credit union had grown to such an extent that it moved from the bank building and leased an office in down-town Wood River. The office was equipped and a girl hired full time to assist the treasurer and to act as cashier. By the end of 1938, the assets of this organization had increased to about \$70,000. The office quarters were then becoming too small to accommodate the increase in business. Therefore, early in the year of 1939, the credit union again established quarters in the old First National Bank Building, where it is still located. This building is conveniently located in the center of the business section of the town, and is equipped with cashier cages and a vault and provides ample space for transactions of all business matters, including the holding of board and committee meetings.

IN LOOKING back over the important events in the operation of the credit union, the Shell Credit Union boys get a great deal of satisfaction in relating how well their Credit Union

"weathered" a strike of the Shell Refinery employees back in July and August, 1936. This strike lasted five weeks and although their credit union was practically in its infancy, they maintained their normal membership and the confidence, full cooperation and good will of the members. As a result, at the end of the strike, the organization had actually increased in strength and Shell employees, as a whole, seemed to have more faith in it. It was during this strike, that the good of a credit union was emphasized, as many of those who had saved money in the credit union during the short time it had been organized had sufficient funds available to tide them over the five-week period of unemployment. Of course, those who experienced a shortage of funds were rendered valuable service in being able to borrow after the strike ended.

In checking the statistical reports of this Shell employee organization, it is noteworthy that over 5,000 loans amounting to over \$1,000,000.00 have been granted. As an indication of the rapid growth, the records show that during the years 1935, '36, '37 and '38, 1,551 loans amounting to over \$186,000 were made. However, during 1939 alone 1,501 loans amounting to nearly \$286,000 were paid out, and in 1940 alone 1,718 loans amounting to over \$416,030 were granted. The membership and savings of the members also increased in proportion to the loans. For example, at the end of 1939, 1,486 members had \$142,000 in savings, while at the end of 1940, 2,143

(Continued on page 219)



Employees of the Shell Wood River Federal Credit Union

"Can You Help Me?"

When people write to CUNA for information about credit unions, sometimes their letters have the urgent appeal of an SOS. The mail resulting from a recent article on credit unions in "True Story" had this quality. Anybody who is lukewarm about the need for credit unions can revive his faith by reading the following samples:

Missouri.

Dear Sir:

I don't know just what I hope to gain by writing to you. In the past five years since the birth of my little girl we have had nothing but hard luck. It took me so long to get over the after-effects of my daughter's birth, in which she and I both almost passed away, then I became ill with a kidney ailment and after that rheumatic fever.

We borrowed three hundred dollars each from two different loan companies along with some other bills accumulated during this time.

Two years ago my husband became afflicted with a serious sinus condition, this at the same time I was down with rheumatic fever.

After this we struggled along, paying what we could and trying to get on our feet again, but what we could pay wasn't sufficient to satisfy our creditors so we again had to borrow from Peter to pay Paul, so to speak.

We are at our wits' end with winter coming on and our coal bin empty and rent and gas and electric to pay monthly and insurance and food and clothes to buy.

My husband works steady five days a week, but we are in so deep that the threat of garnishee and law suits keep us handing out every penny every payday and no hope of ever catching up.

I didn't mean this to be a hard luck letter, but your article in "True Story" gave me the first hope I've had in months.

* * *

Indiana.

Dear Sir:

I am sixty years of age, and two years ago I sold my electrical contracting business as I could no longer follow that line of work as it was too hard for a man of my age.

Since selling out, I built a home for myself and wife at a lake resort eight miles from town and have lived a retired life since. But I find that time hangs heavy on my hands and would like to do something that would help me pass the time, and as I like office work and am active enough to do same, I thought it a wonderful opportunity to do some good and occupy myself.

Until I hear from you, I do not know if the above city of 4200 people is large enough to support such a credit union, but I feel as if there is a need of same.

Illinois.

Dear sir:

If anyone needs a credit union to help them solve their difficulties, it is truckers. We have to pay such a price for our equipment, and then with the interest that is charged piled on top our payments are terribly steep for 18 months or two years—about all the time we are allowed. We can't buy our tractors and trailers at the same place, so that makes us have several different payments.

There are thousands of these highway trucks on the road and most of them are struggling to pay for one when the interest alone is almost impossible to pay.

* * *

Idaho.

Dear sir:

I will do my best to explain what kind of a loan I want. Maybe you can refer me to the company that makes those kind of loans.

I want to buy three two-year-old heifers with calves at foot desirable for foundation at \$185 each.

I have enough hay to feed them through the winter, I own 2½ acres and there is 4 acres right beside my place I can rent reasonable for pasture.

What I want to do is to sell milk and have the creamery send most of every milk check to the loan company until paid in full. I have two boys 10 and 12 that should be learning to milk and care for them.

* * *

West Virginia.

Dear Sir:

I am very much interested in the operation of a credit union in this valley of working people. We live in a community of miners and factory workers all earning good wages, and I would say 80 per cent of all workers are victims of small loan companies, paying from 36 to 42 per cent interest. I feel like a credit union would be a great relief to the working people if you could make them understand. While I understand very little about it myself, I would like to have as much information on the matter as possible.

* * *

Minnesota.

Dear Sir:

I should like to know about the credit unions operating in my community. Due to the pressure of refusing children in so many places in the city, I was finally put up against moving into an apartment that was beyond my living there long on what I had. I thought if I could swing it from September until June when the children would have completed another year of school, I could then look around for a cheaper place.

I wanted to move in June but had gotten behind on some of my bills and did not have even the money to pay the moving van. I attempted to obtain a loan from the bank. Because I was not employed or had a steady job, which I am looking for this fall, they refused any loan and warned me against any outside loan agencies.

Credit Unions In War

(Continued from page 200)

as all energies are being directed to the war effort. Adjustments have been made, and lately a definite improvement is apparent."

"The effect of the war on credit unions in Manitoba," says John W. Ward, Registrar of Cooperative Associations, "has so far been much less than was anticipated. There have been some withdrawals due to members going on active service, but all societies reported increased membership during 1940. With a 50 per cent increase in the societies operating, the total membership increased by well over 200 per cent. Total assets increased by 75 per cent, and reserves and undivided profits by 75 per cent.

"While these percentages look large, the movement here is in its infancy; the figures are small, the total assets of 29 societies being only \$87,524.80. Only eight societies have more than one hundred dollars in the reserve or guaranty fund, and their investments in war loans have necessarily been small."

For the province of Alberta, C. D. Denney, assistant supervisor of credit unions, says, "With respect to what the credit unions are doing to aid Canada's war effort, a few of them have purchased government bonds. In some others, loans have been made for the purpose of purchasing government bonds. In the big Loan Drive that is to take place next month, I have no doubt that the credit unions will do both of these things to a still greater extent.

"As might have been expected, the war has made no difference to their operation where credit unions already exist, except that a little extra care must be taken in lending to men who may join the military forces. In industries and employments where no credit unions exist, however, there is great reluctance to accept the fact that a credit union can be of value in wartime; and this seems to be due to a sort of psychological reaction to deductions for defense taxes, war services such as the Red Cross, and Savings Certificate contributions. It just means, of course, that some missionary work must be done in order to show people that there is even more need for a credit union in wartime than in peacetime."

The picture as a whole is decidedly bracing. In no case do credit unions suffer a serious set-back; in most cases they show gains in spite of, or even because of, war conditions. We see credit union officers leaving for the military camps and others taking their places. A small amount of credit

union money is tied up in loans to members in military service, but delinquencies due to war are not a problem.

Further, credit unions tend to bridge the gap between the present and the future. Not only do they continue to provide ready cash for members who need it; they provide a program of thrift which offsets the temptation to reckless spending. When peace comes and the national production suddenly shrinks, credit unions will undoubtedly be found to have a cushioning effect, saving their members from many a hard knock.

How Democracy Works

(Continued from page 197)

W. E. Jones, treasurer at Alliance, took the floor. "If a League is worth having, it's worth paying for," he said. "If the Alliance Credit Union can't pay the League 5 per cent of gross income, it will withdraw." He won.

All through the town you can feel the difference the credit union makes. Young couples are saving money who would have been broke not long ago. The local banker is tickled to death; he says he has no more small-loan headaches, and the whole town has turned thrifty. Credit union news gets big space in the newspapers. The credit union has shown the town of Alliance how democracy can work.

Lee Strong, who is president of the credit union, touched on this in a brief address at the last annual meeting.

"We are very conscious of the fact," he said, "that this credit union could not and would not be a success unless it had the complete faith of its membership. A credit union is a democratic-cooperative enterprise. We Americans love democracy—we have faith in democracy. Let us also have unbounded faith in our credit union and cherish and protect it, so that it will stand in the years to come as an outstanding symbol of our democracy."

Food Prices Rising

Food prices in August were 12 per cent higher than in August, 1940. Meat prices have risen from 30 to 64 per cent in the same period. From the food-processing industries comes a prediction that prices will continue to go up 2 or 3 per cent a month until Spring. Increased national income and demand, as well as war orders, have been pushing price-levels up; it is reported that the full impact of increased costs is still to be felt.

CUNA MUTUAL

Celebrates Sixth Anniversary



FIRST COVERAGE WRITTEN

August 1935

First 100 Million Coverage in Force

August 1941

Other Indications of Popularity During The Past Year:

Coverage Increased	33%
Assets Increased	53%

THE CREDIT UNION INSURANCE COMPANY

CUNA MUTUAL INSURANCE SOCIETY
Madison Wisconsin

Restrictions On Consumer Credit

(Continued from page 195)

ments upon urban, suburban or rural real property in connection with existing structures, even though such materials include articles listed in Groups A through D in the Supplement, provided the bona fide purchase price of such articles so listed does not exceed 50% of the total over-all deferred balance.

(5) Loans repaid within four months, at approximately equal intervals and in approximately equal installments.

(6) Loans repaid in one lump sum.

(7) Loans for medical, hospital, dental and funeral expenses.

All credit union loans except those listed above are covered by the regulations. No loan covered by the regulations may be made for a period longer than eighteen months. No loan covered by the regulations may be renewed or extended unless the borrower furnishes a "certificate of necessity," which must be attached to the renewed or extended note.

If a credit union makes a loan to finance the purchase of a "listed good," such as an automobile, mechanical refrigerator, washing machine, etc., and a lien on that listed good is accepted as collateral for the loan, then the credit must meet the requirements of the regulations with regard to down-payment and must furnish the borrower with a written instrument setting forth certain information required by the regulations.

A loan made by a credit union to finance the purchase of a "listed good" need not meet the requirements set forth in the last paragraph if the loan is secured by note endorsement or collateral other than a lien on the listed article.

A tentative draft of the Federal Reserve Board's regulations was issued several weeks ago. On Friday, August 15, hearings were held in Washington to air objections to the rules as then drawn up. The Credit Union National Association was invited to send representatives to present the views of credit unionists. President William Reid and assistant managing director Tom Doig attended the hearing and, assisted by counsel Nat C. Helman and field secretary Dora Maxwell, submitted a brief setting forth certain objections.

The Federal Reserve Bank will shortly issue to each credit union a copy of the regulations and a list of each article to be known as a "listed good." Please bear in mind that your credit union must register with the local Federal Reserve Bank between now and December 31, 1941.

We sincerely hope all credit unions will find a way to aid the government in accomplishing its purpose and at the same time render maximum service to their members under the regulations.

Six Years of Service and Growth

(Continued from page 213)

members had \$224,000 in savings.

The rapid growth of the organization in 1939 and 1940 was largely attributed to advertising by means of bulletins, the Shell plant paper, word of mouth, etc. These methods were so impressive that the credit union now issues the "Shell Credit Union News," a paper designed to educate Shell employees about their credit union and the credit union movement and to establish the principles of the credit union firmly in their minds.

This credit union still continues in its rapid growth. It is proud to be a member of the Illinois Credit Union

League and of the local organization of the Alton-Wood River Chapter of Credit Unions. Being the largest credit union locally, it was largely instrumental in organizing this Chapter, of which ten other credit unions are also members. At the present time, it has four full-time office employees engaged to handle the large volume of work, which is equivalent to the amount of work handled in many banks. Thrift and credit-worthiness are stressed at every opportunity by the officers and the Credit Union office employees. The officers and members enjoy a fine spirit of cooperation, which, it is believed, helps tremendously toward the growth and successful operation of the organization.

Progressive directors and committee members read THE BRIDGE regularly. Subscribe today.



Let's Figure the Cost

(Answers on page 222)

1. Ralph Johnson, a friend of the local bank's treasurer, obtained a loan on his personal note, which the bank discounted at 6%. Johnson received \$98.50, and paid \$100 at the end of three months. Compute the annual rate, to the nearest one-hundredth of one per cent, on the money Johnson received.

2. Mrs. Banks decided to save money by doing her own washing. She purchased a washing machine for \$6 down and \$2 a week for 29 weeks. The cash price was \$60. If Mrs. Banks saved 50c per week by doing her own laundry, in how many weeks would she save an amount equal to the charge for credit?

3. "Install this fine radio in your parlor in time for the world series for only \$5." By this the dealer meant that the radio, priced at \$100 cash, could be bought on time for \$5 down and \$8.25 a month for 12 months. What was the cost of credit as an annual percentage rate?

4. A refrigerator dealer charged \$10 for the privilege of paying a \$200 unpaid balance in 6 equal month-

ly payments of \$35. What was the annual rate?

5. A used-car dealer in a small town offered to sell an old model for \$75 cash, or \$25 down, and the remainder, plus \$14 credit charge, to be paid in 8 equal monthly installments. No insurance was required. What was the rate?

6. A furniture store advertised: "NO CARRYING CHARGE." The price of a sofa was \$90, to be repaid in 10 monthly installments of \$9. Though the salesman insisted that there was no charge for credit, still he conceded that cash customers were given a 10 per cent discount. Based on the true cash price, what was the cost rate?

7. A Taunton coal dealer charged \$15 for a ton of coal if payment was made within 30 days, or \$14 cash on delivery. What rate per year did the customer pay for one month's credit?

8. Compute the annual rate of interest on a loan made on the following terms: \$100 cash advanced, to be repaid together with \$7 interest at the end of 7 months.

Some Tips for Car-Owners

● This article was issued by the Government as part of the drive to conserve defense materials such as gasoline and rubber. But everything in it is good sense in peacetime as well as wartime for the car-owner who is interested in economical performance.

IF YOU own a car, you can help defend America in three ways:

By taking care of the car you have so that it will last longer and by not buying a new car unless you need it badly.

By so driving and taking care of your car that you use only the minimum necessary gasoline, oil and rubber.

By using your car only when you need to and then using it most efficiently.

There will be fewer new cars made next year. It may be that there will be only half as many as were made this year, or perhaps even less. But this year's production was a record production, and there are between 28 and 29 million cars on our roads today. Better than half of them (about 60 per cent) are under five years old. Thus a reduction in new car production cannot be called a national hardship. And car-owners can greatly reduce the inconvenience it may be, by conserving our supply of cars.

The way you drive your car, and the way you care for it, have a great deal to do with how long it lasts and how much you spend for oil, gas and tires; or, to put it another way, how much you waste of these important materials.

Good driving habits and car-care aren't difficult to achieve. The rules are simple and precise. But they are numerous.

The most important rule of all is to avoid high speeds at all times. High speed wastes your car, your gas, your oil and your tires. High speed causes, or helps to cause, at least one out of four accidents, and accidents will cripple cars even when humans escape.

High speed forces you to stop suddenly, burns your brakes, skids and wears out your tires; burns up oil at a great rate and gives you the least efficient use of gasoline.

A tire, for instance, that with proper care would give you 20,000 to 25,000 miles of service at moderate speed (30 to 50 miles an hour) may give you no more than 10,000 to 15,000 miles at speeds from 60 to 75 miles an hour.

As for gasoline, according to one test, a car that got 18.7 miles per gallon at 30 miles an hour got only 13.3

miles at 50 miles an hour. And generally speaking, your gasoline will go only about half as far as at 30 miles an hour.

And high speed literally eats up oil. Most cars will get about 1,000 miles from one quart of oil at 30 miles an hour. At 70 miles an hour it will take from six to seven quarts to go 1,000 miles—six to seven times as much oil.

Driving slowly won't do the whole job of protecting your car, your income and our national resources. It is, however, the most important of a number of good rules, that, taken together, mean good driving habits and careful car consumption.

Here are five rules of good car care:

(1.) Keep your car in a garage. Dirt, wind, rain, snow, sleet and even sunlight not only harm the appearance of your car, but definitely shorten its useful life. Sunlight is particularly hard on the rubber in your tires.

(2.) Grease your car every 1,000 miles.

(3.) Wax your car four times a year. If your income is limited, learn to wax your car yourself. With a can of wax, a soft rag and a lot of elbow grease, you can do an entirely adequate waxing job.

(4.) Clean out your air cleaner at least once every 5,000 miles, and if you drive over dusty roads check it oftener. The air cleaner is under the hood, attached to the carburetor. It cleans the air that goes into the carburetor to mix with the gasoline. Before gasoline can burn readily, it must be mixed with air. If that air is dirty, it will wear out the engine faster.

There are various types of air cleaners, and cleaning methods differ. Find out which kind you have. If you check and find you have no air cleaner at all, get one and have it installed. It will lengthen the life of your engine.

(5.) Whenever there are indications that something is mechanically wrong with your car, see about it right away. Don't wait for a little difficulty to grow into a big repair job, and choose your auto mechanic or service garage with great care. A poorly trained mechanic can damage both your car and your pocketbook.

If you are mechanically minded and share the widespread love of motors that characterizes us as a nation, you will doubtless be able to add five to twenty more good rules to those above. But for the average car owner these five will help materially to preserve his car, his income and strategic defense materials.

For the operation of the car, however, there are still other rules that must be observed if oil and rubber are to be conserved. The most important of these, in the present situation, are those which apply to care of tires.

(1.) Keep your tires firmly inflated. Tire manufacturers recommend that your tires be filled with air up to a pressure of from 28 to 32 pounds, depending on the kind and type of tire. Consult your manufacturer's instruction booklet to find out at exactly what pressure your tires should be kept. If you have too little air in your tires, they will wear out much more rapidly. A pound or two too much is better than a pound or two too little.

(2.) Keep your front wheels properly aligned. Check your front wheels every month or so. Improperly aligned wheels can cause tires to wear more rapidly than almost any other single factor. Always check your wheels after jarring the car severely.

(3.) Protect your tires against bruises and deterioration. Don't rub against the curbing or bounce over it when you park. Avoid bad holes in the road. Take them very slowly if you can't miss them.

Keep your spare tire covered, away from the sunlight, and keep your car in the garage for the same reason. But be sure that your garage floor is clean. Your tires will deteriorate rapidly if they stand long on an oily floor.

(4.) Start and stop your car slowly. The rubber is worn off your tires if you spin them by starting too quickly or skid them in a sudden stop.

(5.) Drive slowly in hot weather. You can't do much about the weather, but hot weather can do a good deal to wear your tires out. When the thermometer is at 80, a tire will wear out at least twice as fast as when the thermometer stands at 40. You can, however, keep from overheating your tires by driving at a moderate speed.

There is, at the present time, no shortage of oil or gasoline, but there is a shortage of shipping—of tankers to carry the oil from the mid-west oil fields to the Atlantic coast. However, the rules for conserving gasoline and oil are good ones for all drivers even when gasoline and oil are plentiful.

Here are five driving rules that will save gasoline:

(1.) Keep your spark advanced to give you the most efficient use of gasoline. The point to which your spark should be advanced depends upon how old your car is and upon what grade of gasoline you use.

Old cars, any models older than 1935, can efficiently use the third-grade cheaper gasolines provided they have a properly adjusted spark. Newer cars will get a much more efficient use of the regular gasoline if their spark is adjusted.

If your car knocks only slightly on steep hills, that is probably a sign that your spark is properly adjusted. Of course, if the knock is excessive, that is very likely a sign that you are overheating your engine, losing power in the form of heat, and that your adjustment is improper.

(2.) Keep your carburetor properly adjusted. If your car gives off black smoke when you start, or as you drive along, it means that you are burning too much gasoline.

Before gasoline is burned in your car, it is mixed with air in your carburetor. For example, a "lean" mixture would be 15 to 1 (15 pounds of air, 1 pound of gasoline). A "rich" mixture might be 8 to 1. If your mixture is too thin, your engine will spit and sputter when cold. If it is too rich, you will have black or blue smoke, and that smoke is wasted gasoline.

(3.) Use your choke sparingly. If you are driving one of the older models, chances are you have a hand choke. It is possible to use up enough gasoline to drive several miles without moving an inch, if you use the choke improperly, flooding gasoline into your engine.

(4.) Start and stop slowly. The showy driver who pushes his gas feed to the floor in order to get ahead when the light turns green, wastes his own and his nation's gasoline supply. And the driver who jerks the riders in his car with a slamming stop simply wastes the power that his gasoline and car engine have generated for him.

(5.) Shift into high as quickly as possible. Your engine uses considerably less gasoline in high than in first or second. Don't race your engine while in either of those gears, and as carefully and quickly as possible shift into high when you start.

The rules for oil are only two. They are written in the assumption that your car isn't wasting oil through leaks or poor piston rings.

(1.) Don't change your oil except seasonally. There are some exceptions to this rule. If you are driving over very dusty, unpaved roads or in a very cold climate and under condi-

tions where your car is not thoroughly warmed up often, then oil changes may be necessary.

But under average driving conditions, oil changes are unnecessary except when seasonal changes demand them. In summer you will need a heavier oil than in cold weather. The winter oil, light to begin with, gets lighter as it is used so that when warm weather comes it does not sufficiently protect your motor.

Although oil changes are unnecessary, this does not mean that you can allow your oil supply to get low. Check your oil every time you buy gasoline and be sure that it is kept up to the proper level.

(2.) Keep your oil clean; check it at least every 1,000 miles. If your oil is dirty, check your oil filter. The oil filter cleans the dust and metal particles out of the oil as it circulates through your engine.

There are several different kinds of filters, and each requires slightly different treatment. Generally, if your filter is dirty, you should have a new filtering core put in.

If you find you don't have an oil filter, get one installed; it will save your engine, your oil bill and the nation's supply of oil.

Every single one of these sixteen rules makes for good driving habits, any time, anywhere. But we have been a hurried, careless nation in the past, and many of our drivers haven't given such advice the attention it deserves. They could have cut down automobile expenses considerably had they followed such advice, and these expenses are a sizable item in many family budgets. In these days of crisis, however, sloppy consumption habits cannot be justified, and careless use of cars will hinder our defense program.

They Learn How at Amherst

The students who attended the Credit Union Course of the Cooperative Institute at Amherst, Mass., from August 2 to 9, discovered how much easier and better it is to learn by doing.

After acquiring a knowledge of the history and philosophy of the credit union movement, the group organized and began to operate a credit union. A board of directors, officers, credit committee, supervisory committee and educational committee were elected. The board of directors met and formulated policies to guide the credit union's operation. The credit committee considered loan applications; the supervisory committee audited the books, and the educational committee planned and launched an educational program. An annual meeting was also planned and held.

As a field project the group journeyed from Amherst to Putney, Vt., and heard their instructor present the credit union plan to a group interested in organizing a community credit union. The persons who took the course came from many widely scattered places. One came from Atlanta, Ga., one from Oberlin, Ohio, and another from Quebec.

Reuben Goodman, a young labor attorney from Boston, told the institute at its final session that in nineteen years of formal education it was the first time he had ever attended a course where you were taught to actually build something.

This was the second time that the Credit Union Course has been included in the Institute curriculum. CUNA's educational director, J. Orrin Shipe, again gave the course.



Students at the Amherst Co-operative Institute learn credit committee procedure by having their own credit committee.

Our Town

The Story of Joe the Motorman

THE MEN on the street railway have a credit union in our town, and Al Johnson is on the credit committee. He got to the meeting a little late one night, and they were already arguing about a loan to Joe Dawson.

"What's the matter with Joe?" Al said.

"He owes money all over town," they said; "he's no good."

"What's he want the money for?" Al asked them.

"Hospitalization for his wife."

"How much?"

"A hundred dollars."

"Well, my Gosh," Al said, "what are we waiting for? If Joe's wife has to go to the hospital, she has to, doesn't she? If he doesn't get the loan, we'll all be digging down into our own pockets to send her there, won't we?"

They finally made the loan, and Joe paid two and three times and then stopped. The treasurer called Al up and said, "Al, how'd you like to go over to Joe Dawson's house and collect on that loan you pushed through?"

"All right," Al said.

He went over, and Joe let him in, and Al said, "How about that loan, Joe?"

"I can't pay it," Joe said.

"Would you like to get out of debt, Joe?"

Joe sat down heavily in a chair that had the springs sticking out underneath.

"Boy, would I!" he said. "Would I just like to get out of debt!"

"Let's sit down and figure up how much you owe people," Al said. "Let's add up all the bad news and see what can be done about it."

Well, Joe owed this kind of thing: \$90 on an encyclopedia set that he'd bought ten years ago and still was as good as new; \$50 on an old radio that you could buy now for \$12 anywhere; money to this grocer; money to that.

Two personal finance companies were taking \$100 a month from him out of the \$165 a month he was paid. He, his wife and his two kids were living on the other \$65. The kids looked terrible; they were getting a quart of milk every other day to save the penny they'd lose by ordering a pint a day. Joe was paying out a hundred a month, but he wasn't getting anywhere with it.

The total debt was \$1400.

Al took it up with the people Joe owed. They were very nice. One storekeeper said, "Well, if he's that hard up, let's forget about it." One little woman that ran a grocery store said, "It's a hundred and fifty dollars. I need money badly now: give me seventy-five and we'll call it square." Another grocer said, "I don't need the money right now. Let it wait until next year."

The total debt was whittled down to \$800.

Al went back to the credit committee and said, "I've been looking up Joe Dawson and why he doesn't pay his loan. I think we ought to make him another loan of \$800."

There was dead silence for a while.

Then somebody piped up, "What security can he give us?"

"Furniture," Al said.

"What's it worth?"

"Buying or selling?" Al said. "Well, you could buy every stick of it for a hundred and a quarter. If you wanted to sell it, you'd have to pay somebody ten dollars to take it away."

Al got Joe the loan. The way it worked out, Joe was paying out \$69 a month instead of a hundred; he had \$31 more to live on, and he was really getting somewhere with his payments. He owed only the credit union; he'd have it paid off in under a year and a half.

The next time Al stopped in at Joe's house, Joe's wife nearly threw her arms around his neck.

"We're living wonderfully," she said. "When people knock at the door in the evening, I know it's friends and not bill collectors. We get milk for the children every day. And we can go out and buy clothes now—think of that, we buy clothes and we pay cash for them. You don't know what you've done for us."

Architects Appointed for Filene Memorial

Architects for the proposed Filene Memorial were appointed August 9 by the trustees of the Filene Memorial Fund at a meeting in Chicago. The \$150,000 necessary before actual work can be begun seems certain to be in the bank by September 6, when a banquet will be held in Chicago in honor of Roy F. Bergengren, CUNA's managing director, who has completed twenty years of service in the credit union movement.

Two firms of architects have been chosen in anticipation of the day when work can be started on the first unit of the new national headquarters. The Chicago firm of Schmidt, Garden & Erickson and the Madison architects Law, Law & Potter will submit sketches to the Executive Committee of the Credit Union National Association, and when approval has been granted, the two firms will collaborate on actual construction. It is hoped that work can be begun this fall.

Among the prominent buildings designed by Schmidt, Garden & Erickson are the Centennial Building in Springfield, Illinois; the Lobby Court Apartments in Chicago; the Valley Hospital in Sewickley, Pennsylvania; the St. Francis Hospital in Pittsburgh; office buildings of the Women's Benefit Association in Port Huron, Michigan, and the Laird Norton Company in Winona, Minnesota; the Chicago Athletic Club and the University of

Chicago Lying-In Hospital. The Chicago apartments received the gold medal of the Chicago Chapter of the American Institute of Architects for excellence of design. Both the Pennsylvania hospitals have been selected by the American Institute of Architects among a group of one hundred noteworthy examples of American post-war architecture.

Some of the buildings designed by Law, Law & Potter include the Wisconsin Power and Light Company office building, the Tenney Office Building, the Guardian Life Insurance Company, the First National Bank, the Masonic Temple, the Madison General Hospital and the Methodist General Hospital, all in Madison; the Central Illinois Public Service Company office building in Springfield, Illinois; the Municipal Building in Platteville, Wisconsin; the Evangelical Deaconess Hospital in Freeport, Illinois.

The trustees of the Fund are William Reid, Willard L. King and Joseph Rothschild.


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Is Your Supervisory Committee Doing Its Job?

(Continued from page 211)

has been charged against the borrower.

In case of withdrawal of funds from the credit union be sure the signature on the withdrawal slip is the signature of the member, and again check this withdrawal slip with the individual share card to be certain the proper amount has been charged against the individual account and that the account has not been overdrawn.

IF investments have been made by the credit union find out why. There are very few credit unions (if any) which have enough money to supply the borrowing needs of the members of the credit union. Possibly it has been made too difficult for members to obtain loans. Possibly prospective borrowers have been frightened away by the rigid rules made by the Board of Directors or Credit Committee. Just ask a few questions about these matters (ask the members) and then submit your findings to the Board of Directors. I do not believe the Supervisory Committee should do more than make suggestions to the Board of Directors and Credit Committee about these matters, but they should make suggestions. Keep in mind that the safest place of investment for credit union funds is in loans to members. If the credit union is purchasing investment securities be sure these investments are legally proper. Incidentally, government bonds are still the best investment aside from loans to members.

Verification of passbooks. This, too, should be a continuous process, and of course this verification should be carried on by the Supervisory Committee. Verification forms may be obtained from the CUNA Supply Cooperative at Madison. These verification forms should be sent to eight percent of the credit union's membership each month. If the credit union is of average size and has three hundred members this would mean that each month twenty-four verification forms would be sent out. With each form a stamped envelope addressed to some member of the Supervisory Committee should be enclosed. These verification forms should be sent to a staggered list of the members each month but should cover the entire membership during the course of the year. No one connected with the credit union operating office should know to which members the forms are being sent. This check will prevent any manipulation of the amounts entered in the passbooks.

Be sure that the control or general ledger is balanced each month against the individual ledger. There is only one way to be certain of this, and that is for the Supervisory Committee to run a tape each month on the individual share accounts and on the individual loan accounts and to balance these tapes against the control or general ledger. This function should be performed by the Supervisory Committee at least once each quarter, but it would be far better if the Supervisory Committee would balance the books in this manner monthly. It does no good to check a tape run by the Treasurer or some other person as there might be items included in the total of this tape which did not appear in the individual items. Run the tape yourself. Then you know it is right.

What about the bond of the Treasurer? This bond should be in possession of either the President or Secretary of the credit union or of some member of the Supervisory Committee. Be sure the bond is still in effect. It is my belief that the bond should be in an amount equal to at least fifteen percent of the assets of the credit union. It seems that whenever a shortage appears in a credit union the bond of the Treasurer is inadequate. The credit union saves ten or fifteen dollars a year in bond premiums and then at the end of say ten years loses about ten thousand dollars. There is no percentage in that. CUNA has found a way whereby, if the credit union is a member of its state league and bonds its treasurer in an amount equal to at least ten percent of assets, it receives fifty thousand dollars of excess bond coverage free. Is your credit union taking advantage of this opportunity? If not it is your duty to see that it does. Be sure that all persons who handle funds of the credit union are bonded.

EXAMINE, at least quarterly, the minutes of the meetings of the credit committee. This committee should keep a record of its meetings. These minutes should show the disposition made of each loan application presented to it. The minutes should indicate what members of the committee were present at each meeting held.

Examine monthly the minutes of the meetings of the Board of Directors. The Board should meet once each month. It is absolutely essential for the Supervisory Committee to know of any action taken by the Board of Directors of the credit union with regard to its operation. If the Board of your credit union does not meet each month it is your business to do something about it.

On paper this all looks like a great

deal of work. In actuality it is not much work for the Supervisory Committee in the average credit union. If our credit unions are to continue as self-operating, self-governing institutions then we must take the responsibility for operating them and governing them. If we do not perform these functions ourselves then we are sacrificing our freedom of action because of laziness and our credit unions will be controlled and governed by outside agencies. There must be supervision. Shall we perform that function or turn it over to others?

CUNA Mutual Coverage Passes \$100,000,000

The CUNA Mutual Insurance Society has passed \$100,000,000 in coverage, putting it in the nation's first hundred insurance companies. The phenomenal growth of CUNA Mutual, which was established six short years ago, is unprecedented in American life insurance history, according to impartial rating services.

The Society, which is associated with the Credit Union National Association, confines its business almost entirely to writing policies protecting credit union loans against death or permanent disability of loan-makers. A blanket policy taken out by the individual credit union to cover all its loans against these two contingencies makes up 90 per cent of CUNA Mutual's volume.

CUNA Mutual was organized in May, 1935. The first contract was issued to the Wichita Postal Employees Credit Union; the first premium payment was received from the Carthage (Mo.) Postal Credit Union. Borrowed capital created the original reserve against claims.

Now there are 4,200 contracts in force; assets total \$518,000; there is an unassigned surplus of \$278,000; 7,808 claims have been paid, adding up in legal tender to \$1,083,318. These figures are as of June 30, 1941.

There are 365 life insurance companies in the United States, many of them over a hundred years old. CUNA Mutual, incorporated under the laws of the State of Wisconsin, has climbed past 70 per cent of these companies in its six-year life. The company is licensed to operate in eight States, which means it may sell through personal agents in Alabama, Florida, Georgia, Indiana, Kentucky, Louisiana, Minnesota and Wisconsin; elsewhere, it may sell by mail, and credit unions in every State in the Union, as well as every Province of Canada, may buy coverage directly from headquarters at Raiffeisen House, Madison. More than a hundred policies are held in Canada.

"Mr Chairman—"

By Byrl A. Whitney



No. 5

Bringing Back Propositions Disposed Of

Motions to Reconsider and to Rescind

In the three preceding articles we considered the problem of renewing or bringing back propositions which have already been disposed of by the assembly. The two motions to *Reconsider* and to *Rescind* or *Repeal* should be considered in this connection.

An organization, like an individual, must preserve its integrity, and accordingly neither of these motions may be used to reverse action where such action could not, in good faith, be reversed. The general rule is that Reconsideration of a vote is in order whenever the motion to which it applies is in order and, when moved, all action consequent to the vote being reconsidered is held in abeyance. If carried, the question on which the vote was reconsidered is not reversed, but is brought before the assembly for consideration precisely as it was when previously disposed of, except that any limit on debate, if formerly attached to it, is now exhausted, but may be applied anew. Reconsideration of the *Previous Question*, however, does have the effect of reversing the order. If the motion to *Reconsider* is decided in the negative, the previous order of the assembly is unaffected.

A motion to *Reconsider* may be moved whenever the motion to which it applies is in order and thus it has the *rank* of the motion to be reconsidered, although it takes *precedence* of any new motion of equal rank. It is debatable only when applied to a debatable question, in which case it opens the whole question to debate. It may be moved while other business is pending, or after it has been voted to adjourn, provided the chairman has not declared the assembly dismissed. After the main question or any amendment has been disposed of, an amendment to such may not be re-

considered without first bringing back the question which it amends.

The motion to *Reconsider* may not be reconsidered, nor may any action be twice reconsidered, unless the proposition has been materially amended after a reconsideration. A vote on the motions to *Adjourn* or to *Suspend the Rules* may not be reconsidered. After a committee has begun consideration of a proposition referred to it, a motion to *Discharge the Committee*, rather than a motion to *Reconsider*, is the proper motion to bring the subject matter back before the assembly. An election to office of one present who does not decline is an execution of the order and hence it is not good form to move reconsideration of such an election.

The general rule is that the motion to *Reconsider* may be moved only on the day the vote to be reconsidered was taken, or on the next succeeding day, a recess or legal holiday not counting as a day for this purpose. It is also a general rule that Reconsideration may be moved only by one who voted on the prevailing side. However, this rule does not apply when the vote was by secret ballot and to avoid questioning a member's honesty, it is a desirable rule to permit Reconsideration to be moved by anyone, unless there was a recorded vote. Reconsideration requires only a majority vote, even though the vote reconsidered required a two-thirds vote.

Because of lack of uniformity in use of the motion to *Reconsider*, it may be desirable to establish a special rule for Reconsideration. It may well be provided that whenever a proposition is decided by less than a majority of the active members of the assembly, any member may move, without a second and at any time, even interrupting a speaker, that the vote be Reconsidered and the motion *Entered*

on the Minutes, to be considered immediately following the reading and acceptance of the minutes at the next meeting, all action on the question to be suspended until the Reconsideration is disposed of at the next meeting, the decision then made to be final, even though again made by less than a majority of the total membership. Such a special rule has the merit of reducing to specific terms a rather complicated motion and also establishes a protection against hasty action at poorly attended meetings.

Reconsideration is sometimes used as a means of "sewing up" a proposition by its friends moving, and defeating, a motion to *Reconsider*, thereby avoiding possibility of later reversing the decision by a reconsideration. However, such is not a legitimate employment of this motion.

The motion to *Rescind* or *Repeal* may be employed to annul a vote or revoke an order after opportunity for Reconsideration has expired. To discourage unwarranted reversals of decisions, a special rule or by-law requiring a two-thirds vote, or a previous notice and a majority vote, is frequently desirable, but in the absence of such a special rule, any order of the assembly may be repealed by a majority vote, as this motion is essentially the same as an ordinary main or principal motion and subject to the same rules.

Walter Campbell Promoted

It's Captain Walter S. Campbell now. The Hoosier credit union leader, who was called to the colors late in 1940 as a lieutenant in the Marine Corps, has been raised a notch, and the promotion is dated back to January 5 of this year.

Captain Campbell is well known to credit unionists as president of the Utilities Credit Union of Indianapolis, president of the Indiana Credit Union League and member of CUNA's Executive Committee. He has a record from the last war and was one of the organizers of the Indianapolis Marine Reserve Corps.

Cooperative Training

The Rochdale Institute, 167 West 12th Street, New York City, has just published a catalog outlining its five-year history as a training center for people working in the consumer cooperative movement. Courses of study are indicated, and the educational principles evolving from cooperative philosophy are discussed. Persons interested in the Rochdale Institute and its fall course, which opens September 29, may obtain copies of the catalog by writing to Lionel Perkins, registrar.

From THE MANAGING DIRECTOR'S DESK

AT THIS writing we are nearing the meetings of the CUNA Mutual Insurance Board, which will be held at the Sherman Hotel in Chicago September 4 and 5, the meetings of the Executive Committee at the same place September 6 and 7, the first session of the CUNA Supply Board at the same place on the 8th and the possibility of a further session of the CUNA Supply Board at Madison on the 9th. There will be many committee meetings during these sessions. As we approach these meetings, we are concluding what has doubtless been the busiest summer in the history of the National Association. And we are making progress.

Additions to the Field Staff

We are very happy indeed to welcome to the Field Staff John Colby, until recently Managing Director of the Wisconsin Credit Union League, and W. B. Tenney of Decatur. Both of these men are well trained for their new responsibilities and we greatly appreciate the cooperation of the Wisconsin League in releasing John, who has made a splendid record with the League, to our service. Mr. Tenney comes from Decatur, one of the finest areas within the credit union movement. Decatur has given the credit union service much splendid leadership and we feel that our Organization and Education Department is most fortunate to have enlisted the services of these two men. Good luck to them both!

Progress in CUNA Supply

We are up 30 per cent over shipments of a year ago, and the summer has been one of ever-increasing activity and service. We have had some new and difficult problems due to the paper shortage, etc., but are moving forward steadily.

And Filene House

We have in the bank over \$100,000. We have a site which cost more than \$15,000; we have shown this site to innumerable visitors all summer, and they have unanimously expressed delight with it. Incidentally, there is a demand for a credit union tourists' camp in connection with Filene House, which could easily be accommodated on the property and will be extremely popular. It will attract more and more credit union vacationists to Madison in the summer months and enable



Roy F. Bergengren

more and more of our rank and file members to visit national headquarters and acquaint themselves with their National Association and its operations.

The Trustees have employed two competent firms of architects. Arrangements have been made for demolishing the buildings on the property for the salvage. All that is now necessary is \$150,000 in the bank, which we hope and confidently expect to have by September. The time has come to move Filene House from theory into a real tangible memorial to our great founder. We hope before too long to be able to produce in *THE BRIDGE* pictures showing construction actually under way. When that happens, we believe that there will be a great increase in interest and contributions to this great project. Thanks to hundreds of our leaders who are now working and have been working incessantly through an exceptionally hot summer to make this possible. While it may be improper to signal out anyone for special mention, we owe a great debt to Claude Clarke, his committee, State chairmen, all managing directors, the Trustees and Tom Doig, who has been giving this project the drive, energy and intelligent enthusiasm that spells success.

Government Regulation

While we are not at war, we are participating in the defense of democracy in such degree that many things are being done and must be done to make this participation effective. This means that every man, woman and child and every institution in the United States will be vitally affected. Our immediate problem calls for careful and accurate readjustment to the installment credit curtailment program. In the August sessions in Washington, by invitation of the Governors of the Federal Reserve Board, CUNA was the official representative of the credit unions of the United States. Our President, Bill Reid; Tom Doig, our Assistant Managing Director; and our General Counsel, Nat Helman,

ably represented us. We have not yet received the official regulations, but we shall stand by to interpret these regulations to the credit unions and to help further in every way possible as long as the emergency exists. May I urge a few simple rules: (1) When you get the regulations, if there is anything concerning which you are in doubt, write us. (2) Let us establish the finest record in the whole consumer-credit field for strict and faithful observance of all rules. We can come through this crisis stronger and better established both in the hearts of our people and in the good opinion of the entire country by doing everything in our power to carry out the intent and the letter of the regulations. (3) We urge a study of the regulations to determine not only what we cannot do but which of our normal operations we can continue without interruption. (4) Finally, take this as we have taken everything else, honestly and with good sportsmanship and in stride.

Since I started with the credit union movement over twenty years ago, I have seen it through one brief depression, through the longest and hardest depression in our history, through a hectic period when the whole nation seemed to go mad with speculation; and I came in just after we were through a very tough war.

We can take it. We shall come through present difficulties better and stronger than ever. Take it in stride; do nothing abnormal; play the game; obey the new rules and keep smiling. It's been a great and a challenging summer.

Let's Figure The Cost

(Answers from page 216)

1. 6.03 + %
2. 8 weeks
3. 7.8 — %
4. 17.8 — %
5. 92.3 + %
6. 26-2/3 (26.7 —) %
7. 85.7 + %
8. 12%

Problems and answers taken from "One Hundred Problems in Consumer Credit."

We Serve

The CUNA SUPPLY COOPERATIVE serves every day in a multitude of ways the whole credit union movement.

Do YOU appreciate the extent of that service which is available to YOU?

Here is a list (which is constantly enlarging) of many of the items of importance to all Credit Unions, which we handle. Write us for more details about any of them. They are numbered for your convenience. Please refer to the number when writing.

1. Annual Meeting Information Charts
2. Advertising (credit union) posters, leaflets, etc.
3. Adding machines for small credit unions
4. Auditing Committee records
5. Applications for share withdrawals
6. Authorizations for application of shares to loan
7. Audit and supervisory committee records
8. Audit—pass books
9. Application for loan forms
10. Adding Machine tape
11. Annual dividend sheets
12. Banks—small CUNA calendar banks
13. Binders—of all types
14. Books—(Minutes, etc., bound ledger)
15. Blank sheets for minute books
16. Board of Director—meeting minute sheets
17. Budget forms (for individuals)
18. Booster cards (handout advertising)
19. Bank Reconciliation sheets
20. Buttons—lapel and CUNA emblems
21. CUNADEX—Visible Records and Containers
22. Collection sheets
23. Calendar banks
24. Cash receipt sheets
25. Cash disbursement sheets
26. Change deduction cards
27. Cash Journals (bound books)
28. Chattel mortgage notes
29. Credit Committee records
30. "CUNA EMERGES" Credit Union Text Book
31. "CREDIT UNIONS NORTH AMERICA" text book
32. "CREDIT UNIONS—THE PEOPLE'S BANKS" educational pamphlet
33. Credit Union emblems—pins and buttons
34. Christmas Club cards
35. Christmas Club folders
36. Cash Received vouchers
37. Cash disbursement vouchers
38. Collectors List of cash collected
39. Cooperative Thrift and Credit folders
40. Credit Union Office (metal container safe for small credit unions)
41. Dividend work sheets (semi-annual and annual)
42. Deposit slips
43. Delinquent notes
44. Dividend rate tables
45. Extension posts for binders
46. Envelopes, covers for pass books
47. Extension agreements (loan)
48. Expense ledger sheets
49. Educational material
50. Federal credit union forms of all descriptions
51. First delinquent notices
52. General Ledgers (bound books)
53. "Handful of Change" (leaflet)
54. Index sheets
55. Index cards
56. Inserts—pay roll
57. Interest calculator (1%)
58. Individual share and loan ledger sheets, cards, visible cards
59. Joint membership agreements
60. Judgment notes (Pennsylvania)
61. Journal and Cash record sheets
62. Loan applications
63. Loan cards
64. Loan notes
65. Loan signals (Visible Records—CUNADEX)
66. Monthly statements
67. Minute sheets
68. Minutes, Board of Directors
69. Minutes, Credit Committee
70. Minutes, Auditing Committee
71. Minute books
72. Notes
73. No-tear ring book sheets
74. Oaths of office
75. Pass books
76. Pass book covers (envelopes)
77. Posters (colored for advertising credit union)
78. Paper—typewriter, second sheets, etc.
79. Pass book audit sheets
80. Pay roll inserts (booster cards and posters)
81. Real estate loan applications
82. Ring books and binders
83. Receipts (for cash payments)
84. Reconciliation sheets—bank
85. Records of cash received
86. Record books
87. Start deduction cards
88. Signature cards (applications for membership)
89. Share and deposit cards
90. Share and deposit sheets
91. Share and deposit cards (CUNADEX)
92. Share and deposit and loan cards, sheets, CUNADEX
93. Secretary's minute books
94. Second delinquent notices
95. "SOUL"—a credit union book of ethics
96. "Save from the Top of the Pile" (educational leaflet)
97. Typewriter ribbons
98. Trial balance of general ledger accounts
99. Typewriter paper.

There is some duplication in this list to simplify locating anything you may be interested in. We add constantly to our list. Our advice is—if in need of *ANYTHING* essential to the operation of a credit union

Contact Your State League—if they handle accounting supplies, or

Cuna Supply Cooperative
MADISON, WISCONSIN

You can't buy

but

YOU CAN

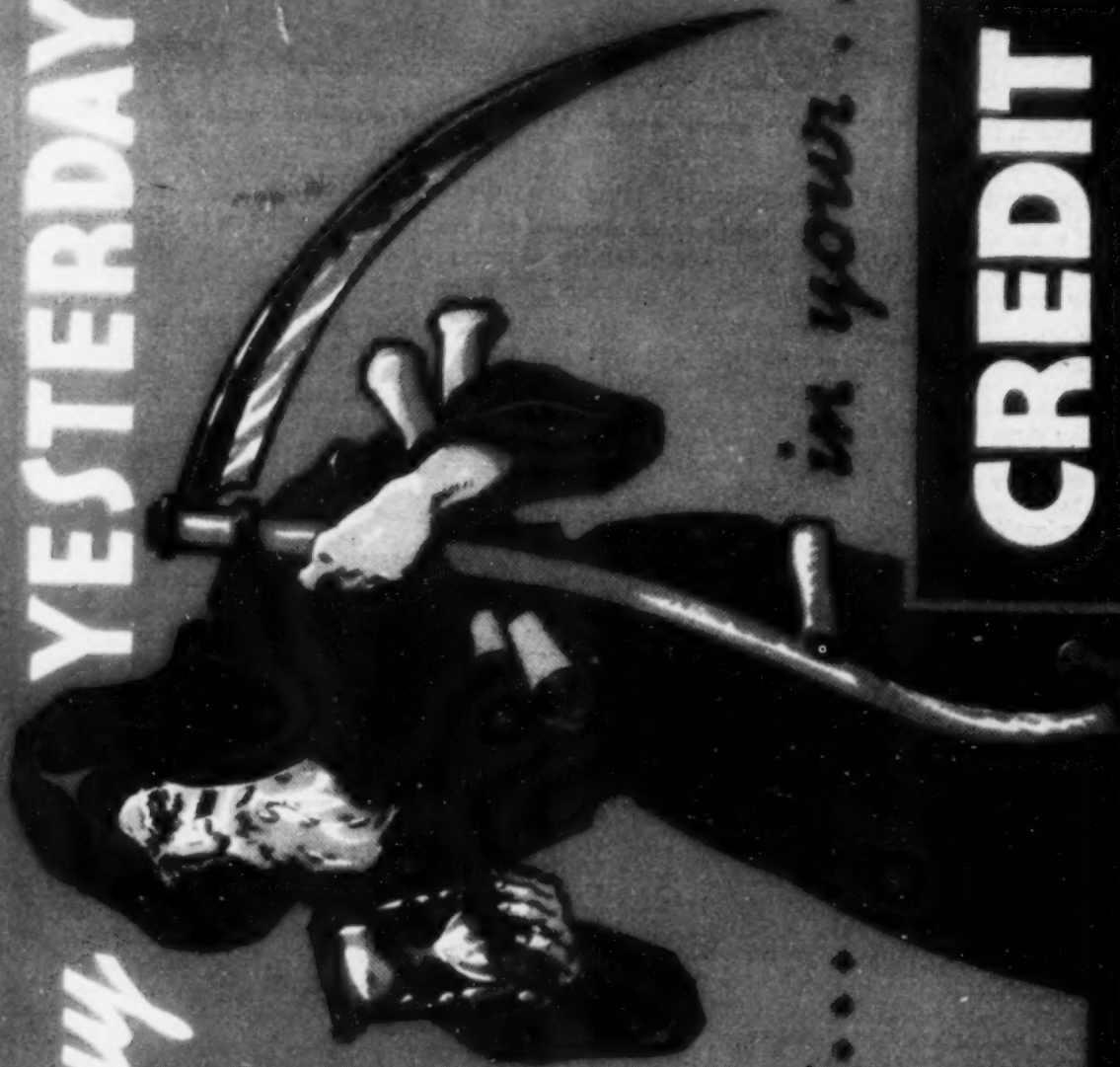
INSURE YOUR

TOMORROWS

.. BY SAVING

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YESTERDAY



in your

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UNION**

Form Ed. 626

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